

## DEPARTMENT OF THE TREASURY

### Fiscal Year 2000 Budget Request

**Summary:** ➡ ***FY 2000: \$12.659 Billion requested (After proposed offsets, net appropriations request totals \$12.205 Billion)***

➡ *Request represents program level required for Treasury in FY 2000 -- budget proposes to offset this program level as follows:*

*(1) \$312M through implementation of an additional fee on Customs commercial operations; and*

*(2) \$142M from the Treasury Forfeiture Fund from use of Super Surplus availabilities.*

➡ ***FY 1999: \$12.138 Billion [\$12.690 Billion w/ Y2K]***

### Highlights of Request

- The budget recognizes Treasury's key role in Government as ***tax administrator, revenue collector, law enforcer, and financial manager***. It supports the Treasury Department's **key priorities** for FY 2000 as highlighted below.

- ➔ ***Reforming the IRS as mandated in the IRS Restructuring and Reform Act of 1998***
- ➔ ***Strengthening Our Commitment to Fighting Drugs and Crime***
- ➔ ***Modernizing Our Financial Systems***
- ➔ ***Exercising Our Leadership in International Economic Affairs***
- ➔ ***Completing System Conversion to the Year 2000 (Y2K)***

### Reforming the IRS

- A key priority of Treasury's FY 2000 budget is the implementation of the IRS Restructuring and Reform Act of FY 1998. The IRS budget supports a major investment of \$197M to meet the reform and restructure goals.

- ☞ This legislation mandates tax law changes, procedural changes, organizational changes and systems modernization.
- ☞ More importantly, in the spirit of this legislation, IRS, Congress and the Administration have pledged to the American people to reform the IRS and give taxpayers the service they deserve and have come to expect from the private sector. *The budget follows through on this commitment.*
- ▶ The IRS request is one of restraint, approximately equal to FY 1999 operating levels, when adjusted for Y2K. Efforts have been made to target resources to meet reform and restructuring mandates and essential Y2K needs.
- ▶ **Highlights of the IRS restructuring and reform:**
  - ☞ ***Protecting the Taxpayer:*** The Reform legislation includes over 70 tax law changes to improve taxpayer protections. The Act also strengthens the Taxpayer Advocate organization and has provisions to ensure internal accountability and integrity.
  - ☞ ***Improving Customer Service:*** The Reform Act mandates efforts to increase electronic filing and improve assistance to taxpayers. This budget continues to support 24 hour-7 days a week phone access, expanded walk-in service, enhanced service to small business, and the rewriting of notices.
  - ☞ ***Transforming the Organization:*** The IRS has in place a new management team with a new mission and vision. In 1998, the IRS Commissioner unveiled a new IRS structure which focuses on service from the taxpayer's point of view. IRS will be organized around specific taxpayer groups, consistent with the mandates of the Reform Act. This budget supports relocation, retraining, and buyout authority.
  - ☞ ***Modernizing Information Systems:*** In December 1998, IRS awarded its PRIME systems contract for systems modernization. IRS is currently working in partnership with the PRIME to revamp the systems modernization blueprint to reflect organizational changes and business process reengineering.
- ▶ **Treasury IG for Tax Administration:** The Restructure and Reform legislation established the Treasury Inspector General for Tax Administration (TIGTA). The Budget supports this organization as an independent appropriation and organization through transfer of funding from the IRS, as directed by the legislation.

## **Strengthening Our Commitment to Fight Drugs and Crime**

- ▶ Treasury performs a critical role in meeting the nation's law enforcement priorities. Each year, our mission grows in complexity, scope and importance.
- ▶ The request is designed to support the Administration's major enforcement policy emphases, to enhance technology and training, and to provide key staffing for firearms enforcement and protection. In consideration of balanced budget constraints, this budget includes only moderate increases in technology, training and integrity.
- ▶ The key priorities are: **(1)** reduce trafficking, smuggling and use of illicit drugs; **(2)** meet protection objectives; **(3)** reduce the criminal misuse of firearms; and **(4)** increase the integrity of law enforcement operations.

### ▶ **Reduce trafficking, smuggling and use of illicit drugs**

- ✎ Customs is committed to improving the efficiency and effectiveness of its drug interdiction at U.S. ports. This budget supports additional x-ray and telecommunications equipment to examine suspected drug couriers in a less intrusive fashion.
- ✎ Deterring money laundering leads to a reduction in drug trafficking. Customs continues to improve its interdiction of illicit proceeds of drug sales. This budget funds additional x-ray inspection equipment for use at border crossings to prevent the exit of drug proceeds.

### ▶ **Meet protection objectives**

- ✎ The Secret Service continues efforts to ensure that protectees are safe and to enhance technical security at the White House. This budget supports Candidate and Nominee protection for the 2000 campaign and additional security measures at the White House complex.
- ✎ Terrorist attacks, especially chemical and biological threats, are becoming an increasing concern in challenging the Secret Service mission. This budget supports the continuation of funding for protection which was approved in the FY 1999 Terrorism supplemental as well as ongoing improvements in protection techniques and systems.

## ◆ Reduce the criminal misuse of firearms

- ☞ Firearms enforcement is a key focus of the FY 2000 Budget. The request supports Department and ATF initiatives over the past two years to prevent violent firearms crime, including those committed by the Nation's youth.
- ☞ ATF is committed to reducing the illegal supply of firearms to minors and youth. Its Youth Crime Gun Interdiction Initiative (YCGII) is a collaborative law enforcement effort among ATF, local police departments and prosecutors. This budget supports expansion of this program to more localities.
- ☞ ATF's efforts support full implementation of the Brady Law, aimed at reducing the illegal acquisition, carrying, and use of firearms and adding a new level of deterrence to the prevention value of the Brady Law.

Investigations will target prohibited persons, especially violent offenders, who illegally attempt to purchase firearms and are denied by the FBI's National Instacheck System (NICS).

This budget supports the continuation of this effort and enhances it by funding investigations of violations of the firearms laws at gun show and similar venues involving juveniles, felons, and others, and by supporting special Federal-based firearms enforcement initiatives.

## ◆ Increase the integrity of law enforcement operations

- ☞ As part of Treasury's ongoing effort to improve law enforcement effectiveness, this budget supports Customs' goal of strengthening its integrity awareness and operational oversight activities.
- ☞ The Customs request also supports the establishment of a comprehensive education, training, and workforce development program which covers the entire career of Customs personnel, with a special emphasis on law enforcement personnel.
- ☞ This budget supports strengthening of Treasury's Inspector General's investigative unit.

## Modernizing Government Financial Systems

- ◆ Treasury operates and manages the Government's financial and accounting systems. Treasury bureaus have an historic commitment to providing responsive and reliable financial services to federal agencies. This request is designed to strengthen financial management systems, improve financial reporting, and increase resource accountability.

- ✎ The Financial Management Service budget is essentially equal to the FY 1999 level reflecting our commitment to retargeting and realigning existing resources to meet workload changes. The FY 2000 request: **(1)** sustains efforts to improve the quality of Federal financial management; **(2)** fully implements debt management services operations; **(3)** modernizes Government-wide accounting and reporting; and **(4)** progresses towards an all electronic Treasury.
- ✎ Public Debt is moving to upgrade its financial technology and systems infrastructure to keep pace with the global economy where U.S. debt securities are a mark of stability.

### **Exercising our Leadership in International Affairs**

- ◆ Treasury plays a critical role in domestic and world economic affairs by providing technical expertise and analysis vital to formulating sound economic policy.
- ◆ Increased globalization of the U.S. economy makes it critical for Treasury to have the capability to deal with economic crises elsewhere in the world. Recent financial instability in Russia, Asia and Latin America has been a threat to continued growth in our domestic economy. This budget expands the market analysis capability in the Office of International Affairs.
- ✎ Treasury plays a key role in exercising leadership in multi-lateral areas, including G-7, Working Party of Three of the OECD, the G-10 Finance Ministers and other developmental-related committees. Part of this process is the preparation of up-to-date and professional analyses of the global economy.
- ◆ Our request makes modest but essential investments in tax policy to ensure the tax neutrality of electronic commerce.

### **Completing System Conversion to the Year 2000 (Y2K)**

- ◆ ***Y2K is a top priority for the Treasury.*** Every mission critical system is being upgraded or replaced to ensure smooth operations in the year 2000. FY 2000 covers the last three months of preparation before the end of the century, including end-to-end system testing, as well as any contingencies that must be implemented to deal with potential but unexpected failures.
- ◆ The size and scope of Treasury operations affect every aspect of Government and the private sector, including one of the government's largest civilian data communications networks. Treasury also shares information with external partners in government and private industry, both domestic and foreign.

- ◆ IRS is the largest part of the date conversion effort. The bulk of their FY 2000 activities will involve the completion of their data center consolidation as both sites become fully operational, as well as completion of testing.

☞ ***The Budget meets Y2K needs.*** Funding in FY 1999 was provided through the Emergency Y2K Reserve.

## Details of FY 2000 Treasury Proposals


### Treasury Missions and the FY 2000 Budget


Budget proposals for FY 2000 are presented in line with Key Treasury Missions:


- Effectively Manage the Government's Finances
- Protect Our Financial Systems and Our Nation's Leaders, and Foster a Safe and Drug-Free America
- Promote a Prosperous and Stable American and World Economy

## Manage the Government's Finances


- ▶ The IRS FY 2000 budget request totals \$8.249 billion (*\$8.105B without EITC, which is outside the discretionary budget caps*), essentially equal to the FY 1999 enacted level of \$8.246 billion (including year-2000 emergency spending and the EITC initiative). This level is required to fund organizational reform and modernization as mandated by Congress in the IRS Restructuring and Reform Act.


 **Restructuring and Reform Act.** \$40 million is required in FY 2000 to enact many of the reform bill's specific provisions as well as the Administration's pledges to improve service. Without expeditious implementation of the provisions, the IRS will encounter serious problems in terms of violating taxpayer rights.

 **Organizational Restructuring.** The IRS has outlined a new, customer-focused organizational structure and has launched Modernization teams to create detailed implementation plans. The FY 2000 budget requests \$157 million to fund the relocation, training, and buyouts to align the employees with the new organization. In addition, it funds changes in the administrative and support systems necessary to support the new structure. The massive change program was launched in September 1998 based on four operating business units geared to specific types of taxpayers. There will also be some general business units. Failing to fund this effort, or even slowing it down, will risk its implementation and demoralize the agency.


 **Reinventing Service.** The President, the Vice President, and this Administration have committed to improving service to the American public by a series of initiatives, such as providing 24-by-7 phone service, rewriting notices, expanding


walk-in service, and enhancing service to small business. While many of these changes are underway, they will not be completed until sometime in 2000, and after that, sustained investment will be required to maintain them. The funds necessary for these initiatives are included in the \$197 million listed above as well as in base funding.


 **Year 2000.** Full support of IRS's Y2K conversion program requires \$250 million to ensure system correction and testing, consolidation of data centers, and that equipment replacement occurs in time to accommodate the century change. Anything less than full funding jeopardizes the functionality and reliability of existing systems.

 **Systems Modernization.** Systems Modernization is a requisite to successfully implementing the reorganization and business-process redesign necessary to improve customer service. In December 1998, IRS awarded the Prime Contract for Modernization. The IRS-Prime Partnership hopes to award contracts for the first releases, such as enhanced phone service and electronic filing options, by June 1999. A total of \$506 million in budget authority was appropriated in FY 1998 and 1999 to IRS's Information Technology Investment Account. These funds were initially available for outlays on September 30, 1998. IRS expects to spend approximately \$70 million in FY 1999 and the balance in FY 2000. The Administration is committed to continued funding for IRS modernization. Although no additional funding is requested in FY 2000, \$325 million will be proposed for FY 2001.

## ◆ **Strengthen Treasury's Oversight of Tax Administration**

 The Treasury Inspector General for Tax Administration (TIGTA) was established as a result of the IRS Restructure and Reform legislation. The Budget sets up the organization as a stand alone appropriation and organization through transfer of funding from the IRS, as directed by the legislation. (A small amount of funding was derived from the Treasury IG, as called for by the Reform legislation.)

 Funding for FY 2000 represents current operational levels needed to sustain the program. No initiative funding is proposed at this time.

 TIGTA's reviews and investigative services will continue to protect against attempts to corrupt or threaten the employees of the IRS, IRS Oversight Board, and the Chief Counsel of the IRS and to protect the rights and privacy of taxpayers.



## ◆ Manage the Federal Government's Accounts

- ☞ The Financial Management Service request will sustain efforts to improve the quality of Federal financial management, fully implement debt management services operations, modernize Government-wide accounting and reporting infrastructure, and progress toward an all electronic Treasury. FY 2000 proposes:

Tighter integration of debt management services operations involving Federal Program Agency referrals and cross-servicing, and incorporation of all types of payment streams.

Expansion of electronic funds transfer (EFT) with a major focus on an Electronic Transfer Account (ETA) product.

Increased efforts to modernize central accounting systems to support: **(1)** strengthening government-wide financial operations; **(2)** preparing the Government's consolidated financial statements; and **(3)** improving guidance, direction, and leadership to program agencies in government-wide accounting issues.

Increased network support of business functions in an electronic environment to facilitate: **(1)** accommodating new Federal program agencies or changes for existing agencies; **(2)** simplifying automated system interfaces to enable consolidation of all data processing in the three regional operations centers.

Implementation of increased security measures related to financial information systems, physical space, and FMS personnel.

- ☞ The Treasury Office of Inspector General will continue to address major priorities in improving Financial Management within Treasury, enabling the Department to provide leadership in improving Financial Management throughout Government.

- ◆ Y2K is a top priority for the Treasury Department. We are upgrading or replacing each mission critical system to ensure smooth operations in the year 2000.

- ◆ The size, scope, and interconnections of Treasury operations affect every aspect of the Federal Government and the private sector, including one of the government's largest civilian data communications networks.

- ◆ **Our goal:** complete systems conversions and equipment upgrades by March 1999 to ensure sufficient time for system verification and necessary corrections.

- ☞ The Budget meets Y2K needs. Funding in FY 1999 was provided through the Emergency Reserve established in the FY 1999 Omnibus Appropriations Act.

- ☞ The most significant resource investment continues to be the IRS, which is moving into its final stages. IRS consolidated its data centers in order to reduce the amount of systems and equipment to be replaced. The last phase of this consolidation will occur in FY 2000 as IRS brings the new, date compliant system online, in its entirety, at each center.
- ☞ In the time remaining, bureaus must conduct end-to-end testing as systems are re-integrated, and test any connections with external partners. Problems resulting from these tests must be corrected. In the event of system failure, unreliability, or poor performance, contingency plans must be designed and implemented.

## ◆ **Cost-Effectively Finance the Federal Government's Operations**

- ☞ Bureau of the Public Debt will begin to upgrade its financial technology and systems infrastructure for reliability in a fast-paced global economy where U.S. debt securities are a mark of stability. This investment will provide vital support to applications and systems used for Federal borrowing and debt accounting, not only serving financial institutions as customers, but also individuals, foreign governments, and over 200 Government trust funds.

## ◆ **Maintain the Integrity of U.S. Coin and Currency**

- ☞ Bureau of the Mint, under its funding provisions for both investment and operations, responds to the needs of retail commerce by producing a reliable supply of coinage, including newly designed fifty state commemorative quarters and the one dollar coin. Equally significant, the Mint will continue its major role in promoting national patriotic themes with collectable coins, by commemorating Yellowstone National Park, Dolly Madison and George Washington.

# **P** **rotect Our Financial Systems and Our Nation's Leaders, and Foster a Safe and Drug-Free America**

## ◆ **Fight Violent Crime**

- ☞ ATF is a major resource in contributing to a safer America. As the President indicated in the State of the Union address, records checks have stopped over 250,000 prohibited persons from buying guns from Federally licensed gun dealers. In FY 2000, ATF requests additional funds and agents for major programs to enhance law enforcement's capacity to reduce gun violence.
- ☞ The Youth Crime Gun Interdiction Initiative (YCGII) will expand its efforts to 10 additional cities. The request provides: **(1)** support for comprehensive crime gun tracing by law enforcement agencies in each community; **(2)** rapid, high volume

crime gun tracing and crime gun investigative and market analysis by the National Tracing Center; **(3)** training for ATF, State and local law enforcement personnel; and **(4)** special agents to follow up on investigative information from crime gun tracing and other sources and to arrest illegal traffickers.

☞ ATF will enhance the integrated violence reduction strategy. The request provides resources for enforcement activity aimed at reducing the illegal acquisition, carrying, and use of firearms, through deterrence and incarceration of criminals. Investigations will target prohibited persons, especially violent offenders, who illegally attempt to purchase firearms and are denied purchase by the National Instantcheck System (NICS); violations of the firearms laws at gun shows and similar venues by felons, juveniles and others; and targets identified in connection with special Federal-local firearms enforcement initiatives, such as the Boston Gun Project and Richmond's Project Exile.

The National Instantcheck System now provides ATF with firearms transaction information that can be used to identify violent offenders and others who attempted to purchase firearms illegally from Federally licensed gun dealers. With resources for electronic receipt, analysis, and communication of this investigative information, and for field investigative activity, ATF can arrest this type of offender, and add a new level of deterrence to the prevention value of the Brady law.

Based on an extensive internal review of gun show-related investigations, ATF has learned that there is egregious and significant criminal activity at gun shows that these resources will enable ATF to address.

Hand in hand with ATF's Youth Crime Gun Interdiction Initiative and Project LEAD, specially targeted Federal-local law enforcement initiatives, like the Boston Gun Project/Ceasefire and Project Exile in Richmond, have been credited with significant reductions in community violent crime.

## ◆ **Provide a Secure Building for ATF Headquarters Employees**

☞ For several years, General Services Administration (GSA), Treasury and Congress have understood the need to provide a safe building for ATF employees. *The Budget supports the proposed new ATF Headquarters Building.* The President's Budget proposes \$83 million in the GSA budget for construction of a new building in FY 2001. Treasury's budget for FY 2000 includes \$15 million for specific site acquisition related to the proposed ATF Building.

## ◆ **Protecting Our Nation's Leaders and Visiting World Leaders**

☞ The Secret Service request includes resources to maintain the highest possible level of physical protection, by effective use of human resources, protective intelligence, risk assessment and technology. This includes critical base operations and vital enhancements.

- ☞ The Service continues to be vigilant in its protective responsibilities by employing methods and procedures to detect and confront incidents before they occur. The request provides funds to: **(1)** continue efforts implemented with the FY 1999 Emergency Supplemental for Terrorism; **(2)** increase staffing to meet growth in protection demands; **(3)** counter the threat posed by chemical and biological agents to Secret Service protectees; and **(4)** establish base funding for maintenance and repairs to security systems at the White House Complex.
- ☞ The budget also supports protection of major presidential and vice-presidential candidates during the 2000 Presidential Campaign. Protectees will receive the maximum physical protection possible, in their residences and while traveling. The Service will maintain an ongoing protective intelligence program to support risk assessment and continually evaluate protective requirements.

### ◆ **Furnishing High-Quality Training for Law Enforcement Personnel**

- ☞ The Federal Law Enforcement Training Center (FLETC) trained 25,762 students in FY 1998, a 10% increase over FY 1997 (23,328). With the increase in Federal law enforcement anti-crime efforts, especially in the Immigration and Naturalization Service/Border Patrol, it is estimated that 38,201 students will be trained in FY 2000. This is a 48% increase over the FY 1998 actual level. Proposed resources will fund instructors, supplies and equipment, and facilities.

### ◆ **Reduce Smuggling and Use of Illicit Drugs**

- ☞ Customs Service is requesting resources to enhance interdiction activities related to preventing drugs and other contraband from entering the United States, by applying better technology to examine suspected couriers, with minimal disruption to the overall passenger entry process. Facilities staffed with x-ray technicians would be equipped for digital transmission to a radiologist at a medical facility. Suspects could be transferred to this x-ray facility with minimum restraint by U.S. Customs Service control while avoiding public exposure. Facilities of this nature, either fixed or mobile, would be adjacent to international arrival areas of airports or seaports.
- ☞ Increased Customs examination of outbound personnel and vehicles can effectively detect undeclared currency illegally exiting the United States, and resources are requested to strengthen their outbound enforcement efforts. The procurement of mobile X-ray vans, tool trucks and contraband detection kits will aid in the examination of more cargo and conveyances, providing resources for increased technology to strengthen outbound efforts at seaports, courier hubs, and on the southwest border.

### ◆ **Control Importation of Goods Produced with Forced Child Labor**

- ✎ Customs also requests resources to establish or enhance coverage of foreign countries having recognized and significant potential for production of goods by forced child labor. Offices would be established in Asia along with increased staffing at other locations. Regular interaction with foreign governments and non-government organizations would help to ensure that Customs can maintain an enforcement presence and exert pressure, because verification regarding the use of forced child labor requires inspection of foreign production facilities and their records.

## ► **Combat Financial Crimes and Money Laundering**

- ✎ The Financial Crimes Enforcement Network will continue to support and strengthen domestic and international anti-money laundering efforts and to foster interagency and global cooperation. The request provides funding to: **(1)** strengthen law enforcement case support to meet an increasing demand from federal, state, and local agencies; **(2)** enhance the suspicious activity reports system (SARS) and other Bank Secrecy Act (BSA) database analysis to maximize the utility of intelligence information on money laundering; **(3)** reduce the average case processing for civil penalty enforcement; **(4)** respond to the Administration's International Crime Control Strategy; **(5)** continue efforts relating to BSA regulations for Money Services Businesses; **(6)** communicate sensitive case-related information with Treasury's law enforcement personnel electronically through a secure network; and **(7)** enhance SARS electronic filing.
- ✎ The Customs Service requests resources to support new technology in money laundering (outbound) technology. The majority of undeclared currency going out of the U.S. involves proceeds from narcotic trafficking activities. The ever-increasing volume of cross-border traffic means that Customs should conduct more examinations more effectively in order to keep up with the activities of the drug cartels. In fiscal year 1998, although outbound exams were conducted only intermittently and with minimal resources, Customs seized more than \$68 million in outbound currency. In order to maximize Customs enforcement efforts, non-intrusive technology and equipment (and infrastructure) are necessary to efficiently interdict undeclared currency.
- ✎ The Service will continue its protection of our financial and payment systems through domestic and international investigations into counterfeiting, bank fraud; access device crimes; telemarketing, telecommunications, and cyber crimes.

## ► **Improve Capacity to Recruit, Develop and Retain High-Caliber Employees at Critical Border Operations**

- ☞ In order to maintain public trust and confidence in Customs front line workforce, the budget includes resources to expand, through contractual efforts, polygraph examinations for candidates applying for positions deemed most susceptible to corruption and allow contracted periodic investigations.
- ☞ The Customs budget also includes resources to establish a new office to manage and direct the establishment of a comprehensive education, training and workforce development program. This will cover the entire career spectrum of U.S. Customs Service personnel with an emphasis on law enforcement positions.

## **Proposed Fees and Use of Treasury Forfeiture Fund**

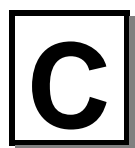
- The FY 2000 sets out a program level of funding, supported by direct funding, proposed fees, and use of Treasury Forfeiture Fund balances.
  - ☞ For Customs, a new fee is proposed to support the core commercial operations of the Service. The proposal is to increase the fee on air and sea processing activities undertaken by Customs. The fee would need to be authorized prior to its use.
  - ☞ All Law Enforcement operations are supported by the use of available balances in the Treasury Forfeiture Fund (TFF). The TFF estimate of \$142 million would support key base operations of Law Enforcement bureaus, along with a limited number of proposed initiatives.
  - ☞ A new fee is proposed to fund development of the Customs Automated Commercial Environment (ACE) program. No expenditures are proposed in FY 2000 for the ACE program. The budget proposes a fee to support this development, and defers expenditures until FY 2001. The fee would need to be authorized prior to its use.

## **P**romote Prosperous and Stable American and World Economies

- ▶ Departmental Offices provides the technical support essential to the Secretary's leadership role in domestic and world economic affairs.
  - ☞ To respond appropriately to rapidly changing world economic conditions, market analysis capability in the Office of International Affairs will expand, enabled by adding further expertise proposed for FY 2000 along with annualization of staffing authorized in FY 1999. This will sustain a capacity to respond appropriately.
  - ☞ Enhanced staffing for tax analysis, along with annualization of staffing authorized in FY 1999, will deal with growing concerns for tax neutrality in electronic commerce.
  - ☞ Annualization is also included for staffing enacted in FY 1999 for Enforcement oversight and the Office of Foreign Assets Control.
  - ☞ The threat of terrorism has made protection of the Nation's assets, computer systems and its employees, an increasing priority for the Department. Critical infrastructure protection and partnering with the Banking and Finance industries to ensure protection of their systems will continue to be a priority in the years ahead.
- ▶ The Community Development Financial Institutions Fund promotes access to capital and local economic growth by investing directly in and supporting community development financial institutions (CDFIs) and expanding financial service organizations' lending, investment, and services within under-served markets.
  - ☞ In 1998, \$75M was awarded to 190 banks, thrifts, and community development financial institutions through the Fund's Bank Enterprise Award program and the CDFI Program Core and Technical Assistance Components.
  - ☞ An appropriation request of \$125M is proposed for FY 2000, compared to an FY 1999 level of \$95M.
  - ☞ \$15M of the \$125M requested is targeted to the Program for Investment in Micro-entrepreneurs (PRIME). PRIME will provide technical assistance grants to micro-enterprise intermediaries that help very small businesses to grow and succeed.

## ▶ **Protect World Confidence in the Dollar**

- ✎ The Secret Service will continue to focus efforts to deter financial crimes, fraud, and to suppress counterfeiting of currency and securities.
- ✎ Bureau of Engraving and Printing will produce 9 billion currency notes to meet the Federal Reserve currency requirements and begin production of the redesigned \$10 and \$5 currency notes with new anti-counterfeiting features. In FY 1999, the Federal Reserve increased its currency order requirements in anticipation of the expected surge in cash held by the public as a contingency in the event of banking difficulties associated with Y2K computer related problems.



## **Continuing to Build a Strong Institution . . . A Stewardship Report on Financial and CFO Activities for Treasury**

- ▶ Treasury is advancing many initiatives to improve operations through:

- ✎ ***Strengthening financial management systems;***
- ✎ ***Improving financial reporting; and***
- ✎ ***Improving resource accountability.***

- ▶ Treasury has made significant progress in improving financial management since the passage of the Chief Financial Officers (CFO) Act of 1990.
- ▶ For **FY 2000**, the **Annual Financial Management Performance Plan** is directly linked to the Treasury-wide Strategic Plan. The Performance Plan was thoughtfully developed by the Treasury CFO Council members, with full bureau representation, using five implementation strategies.

### **CFO VISION STATEMENT**

- ▶ Building a strong institution which ensures sound financial management and stewardship of all Treasury accounts.

### **CFO STRATEGIES AND GOALS**

- ▶ **Financial Systems Strategy:** *Create fully integrated financial systems by standardizing core data elements Department-wide and developing uniform integration policies, to enable all key Bureau financial data to be aggregated for improved analysis and decision making.*



- For FY 2000, plans are to implement the core data standards program recommendations which were developed in FY 1998 and undertake preparation of a set of integration criteria for all new and existing financial and interactive program systems.

◆ **Performance Management Strategy:** *Align budget, performance measurement, and accounting data to produce a cohesive financial information framework that institutionalizes a fully integrated Departmental performance management system that includes budget and cost data in support of the decision making process.*

- For FY 2000, the initiative to identify “performance drivers”, as the Department moves from Government Performance and Results Act (GPRA) compliance to improved performance management (i.e., lower cost, better quality/delivery of services) is slated for completion.

◆ **Financial Reporting Strategy:** *Develop the system’s capability and accounting methodology to provide accurate, timely, and unqualified audit opinions on Departmental financial statements, with full cost accumulation for all Treasury programs and activities, to facilitate internal analysis, resolve known high risk control issues, and external financial statement reporting.*

- For FY 2000, the performance target is to receive an unqualified audit opinion on the consolidated, Treasury-wide financial statements which include both the administrative and custodial accounts.
- Further, our intention is to: **(1)** submit both the Department-wide audited Accountability Report for FY 2000 and the three required standalone audit reports for IRS, Customs, and ATF by March 1, 2001; and **(2)** continue to refine the reporting for the full cost of the Department’s major programs and activities.

◆ **Human Resources Strategy:** *Develop a Department-wide career development plan for financial management, budget and accounting personnel at different grade levels that defines and establishes training and education core competencies, certifications, and on-the-job experiences and promotes rotational assignments across the entire Treasury financial community.*

- In the area of training and recruitment of financial staff, an initiative is planned to begin a phased implementation of an effective, entry level financial trainee program to build on the many facets of Treasury financial management.

◆ **Leveraging Resources and Cross-Servicing Strategy:** *Reduce the cost and/or improve the quality and delivery of financial services and/or program operations through the use of internal and external cross-servicing arrangements **which leverage available resources.***

- For FY 2000, the performance plan calls for implementation of the recommendations identified and prioritized during a FY 1999 survey of Treasury operations where cross-servicing arrangements have the highest potential for savings.

### **CFO Management**

- ◆ The Treasury CFO Council, composed of the Department's CFO and bureau CFOs and Deputy CFOs, continues to foster open lines of communication among the Department and its bureaus in order to strengthen financial management throughout the Department.
- ◆ Treasury has an **active management control program** that keeps senior Department officials informed on a monthly basis of bureau activities to correct significant management control and financial management deficiencies. This helps ensure that timely actions are taken to correct the deficiencies, thereby improving operating efficiencies and conserving resources.
- ◆ Treasury actively supports improvement and **standardization of accounting criteria**, which will help improve internal and external financial accounting, reporting, and management practices.
- ◆ To foster improved financial management practices across the government, the Department continues to play an active leadership role in the activities of the government-wide **Chief Financial Officers Council** (CFOC), established under the Chief Financial Officers Act. In addition, the Department remains instrumental in developing the OMB and CFOC Financial Management Status Report and Five-Year Plan, required by the Congress.
- ◆ Treasury has taken a variety of actions to ensure implementation of the **Debt Collection Improvement Act** which includes working with the OMB, Treasury bureaus, and other agencies to centralize debt collection activities and arrange for the flow of data that is necessary to properly identify delinquent debtors.

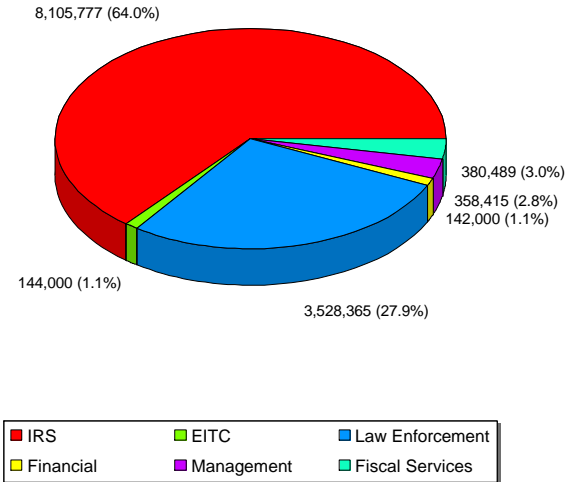
**Department of the Treasury**  
**FY 2000 President's Budget**  
(dollars in thousands)

|   | FY 1998             | FY 1999             |  |   | FY 2000                            |                                    |                             |   |
|---|---------------------|---------------------|--|---|------------------------------------|------------------------------------|-----------------------------|---|
| Appropriation Account   | Appropriation       | Appropriation       | Appropriation<br>w/ Law Enf.<br>Emerg. Supp. | Approp. w/ LE<br>& Y2K<br>Emerg. Supps. | Pres. Budget<br>(Program<br>Level) | Less<br>SuperSurplus<br>Forf. Fund | Less<br>Customs<br>User Fee | Pres. Budget<br>(Direct<br>Appropriation) |
| <b>Tax Administration</b>   | \$7,636,499         | \$7,619,497         | \$7,619,497                                  | \$8,102,797                             | \$8,105,777                        | \$1,003                            | ---                         | \$8,104,774                               |
| Processing, Assistance, and Management                                    | 2,945,874           | 2,984,778           | 2,984,778                                    | 2,984,778                               | 3,312,535                          |                                    |                             | 3,312,535                                 |
| Tax Law Enforcement   | 3,103,468           | 3,164,189           | 3,164,189                                    | 3,164,189                               | 3,337,841                          | 1,003                              |                             | 3,336,838                                 |
| Information Systems   | 1,292,487           | 1,259,530           | 1,259,530                                    | 1,742,830                               | 1,455,401                          |                                    |                             | 1,455,401                                 |
| Information Technology  | 294,670             | 211,000             | 211,000                                      | 211,000                                 | ---                                |                                    |                             | ---                                       |
| <b>Law Enforcement</b>  | \$3,031,643         | \$3,221,280         | \$3,581,636                                  | \$3,602,501                             | \$3,528,365                        | \$137,913                          | \$312,400                   | \$3,078,052                               |
| Financial Crimes Enforcement Network                                      | 23,835              | 25,400              | 25,400                                       | 25,400                                  | 29,681                             | ---                                |                             | 29,681                                    |
| Federal Law Enforcement Training Center                                   | 98,211              | 106,683             | 110,231                                      | 110,231                                 | 113,346                            | 5,500                              |                             | 107,846                                   |
| Bureau of Alcohol, Tobacco and Firearms                                   | 563,394             | 557,574             | 557,574                                      | 565,239                                 | 633,806                            | 20,947                             |                             | 612,859                                   |
| U.S. Customs Service  | 1,682,929           | 1,824,725           | 2,100,725                                    | 2,110,925                               | 1,929,735                          | 35,000                             | 312,400                     | 1,582,335                                 |
| U.S. Secret Service   | 589,480             | 630,998             | 711,806                                      | 714,806                                 | 745,897                            | 76,466                             |                             | 669,431                                   |
| Interagency Crime & Drug Enforcement (OCDETF)                             | 73,794              | 75,900              | 75,900                                       | 75,900                                  | 75,900                             |                                    |                             | 75,900                                    |
| <b>Fiscal Service Operations</b>  | \$377,216           | \$368,590           | \$368,590                                    | \$375,590                               | \$380,489                          | ---                                | ---                         | \$380,489                                 |
| Financial Management Service  | 207,790             | 196,490             | 196,490                                      | 202,490                                 | 202,670                            |                                    |                             | 202,670                                   |
| Bureau of the Public Debt   | 169,426             | 172,100             | 172,100                                      | 173,100                                 | 177,819                            |                                    |                             | 177,819                                   |
| <b>Management</b>   | \$219,997           | \$316,875           | \$318,375                                    | \$359,778                               | \$358,415                          | \$3,000                            | ---                         | \$355,415                                 |
| Departmental Offices  | 117,155             | 123,151             | 124,651                                      | 125,889                                 | 134,630                            |                                    |                             | 134,630                                   |
| Office of Professional Responsibility                                     | 1,250               | ---                 | ---  | ---                                     | ---                                |                                    |                             | ---                                       |
| Treasury Bldg & Annex Repairs & Restoration                               | 10,484              | 27,000              | 27,000                                       | 27,000                                  | 23,000                             |                                    |                             | 23,000                                    |
| Department-wide Systems & Capital Investments Prog. (formerly Automation) | 61,389              | 28,690              | 28,690                                       | 68,855                                  | 56,561                             | 3,000                              |                             | 53,561                                    |
| Office of Inspector General   | 29,719              | 29,616              | 29,616                                       | 29,616                                  | 32,017                             |                                    |                             | 32,017                                    |
| Treasury Inspector General for Tax Administration                         | ---                 | 108,418             | 108,418                                      | 108,418                                 | 112,207                            |                                    |                             | 112,207                                   |
| <b>Subtotal, Treasury Appropriation Committee</b>                         | <b>\$11,265,355</b> | <b>\$11,526,242</b> | <b>\$11,888,098</b>                          | <b>\$12,440,666</b>                     | <b>\$12,373,046</b>                | <b>\$141,916</b>                   | <b>\$312,400</b>            | <b>\$11,918,730</b>                       |
| Earned Income Tax Credit Compliance (Outside Caps)                        | 138,000             | 143,000             | 143,000                                      | 143,000                                 | 144,000                            |                                    |                             | 144,000                                   |
| <b>Total, Treasury Appropriation Committee</b>                            | <b>\$11,403,355</b> | <b>\$11,669,242</b> | <b>\$12,031,098</b>                          | <b>\$12,583,666</b>                     | <b>\$12,517,046</b>                | <b>\$141,916</b>                   | <b>\$312,400</b>            | <b>\$12,062,730</b>                       |
| <b>Other Accounts</b>   |                     |                     |  |   |                                    |                                    |                             |   |
| Community Development Financial Institutions Fund                         | 80,000              | 95,000              | 95,000                                       | 95,000                                  | 125,000                            |                                    |                             | 125,000                                   |
| Community Adjustment and Investment Program [NADBank]                     | ---                 | 10,000              | 10,000                                       | 10,000                                  | 17,000                             |                                    |                             | 17,000                                    |
| International Affairs Technical Assistance                                | ---                 | 1,500               | 1,500  | 1,500                                   | ---                                |                                    |                             | ---                                       |
| <b>Total, Treasury Level</b>  | <b>\$11,483,355</b> | <b>\$11,775,742</b> | <b>\$12,137,598</b>                          | <b>\$12,690,166</b>                     | <b>\$12,659,046</b>                | <b>\$141,916</b>                   | <b>\$312,400</b>            | <b>\$12,204,730</b>                       |

**DEPARTMENT OF THE TREASURY  
COMPARISON OF APPROPRIATIONS AND  
ESTIMATES FOR TREASURY BUREAUS**

(Dollars in Thousands)

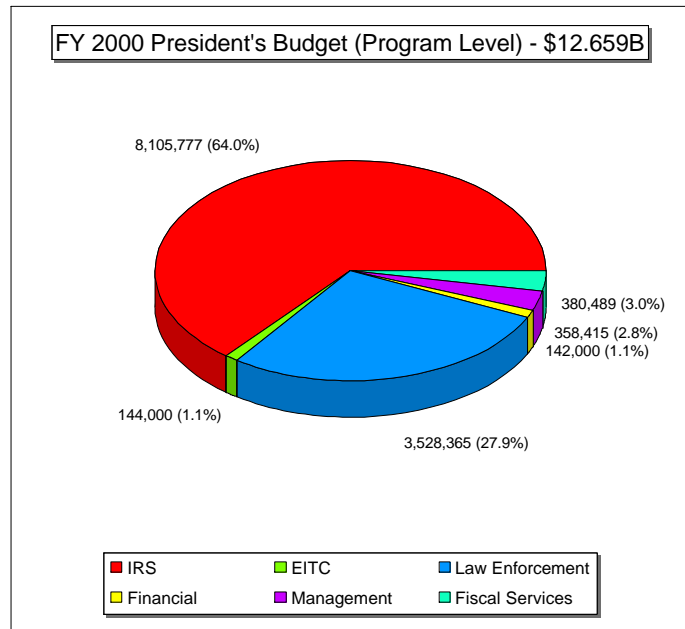
FY 2000 President's Budget (Program Level) - \$12.659B



|   | FY 1998<br>Enacted 3/ | FY 1999<br>Enacted | FY 2000          |                    |                   |                      |
|---|-----------------------|--------------------|------------------|--------------------|-------------------|----------------------|
|   |                       |                    | Program<br>Level | Less<br>Forf. Fund | Less<br>User Fees | Net<br>Appropriation |
| <b>APPROPRIATED ACCOUNTS</b>                                      |                       |                    |                  |                    |                   |                      |
| <b>DEPARTMENTAL OFFICES: Salaries and Expenses.....</b>           | 115,555               | 124,651            | 134,630          | ---                | ---               | 134,630              |
| <i>VCRTF (non-add; included separately).....</i>                  | <i>[1,600]</i>        | ---                | ---              | ---                | ---               | ---                  |
| <b>TREASURY BUILDING AND ANNEX REPAIR AND RESTORATION...</b>      | 10,484                | 27,000             | 23,000           | ---                | ---               | 23,000               |
| <b>OFFICE OF PROFESSIONAL RESPONSIBILITY.....</b>                 | 1,250                 | ---                | ---              | ---                | ---               | ---                  |
| <b>DEPARTMENT-WIDE SYSTEMS &amp; CAPITAL INVEST. PROG. ....</b>   | 61,389                | 28,690             | 56,561           | 3,000              | ---               | 53,561               |
| <i>HRIS.....</i>  | <i>[4,414]</i>        | <i>[10,277]</i>    | <i>[26,221]</i>  | ---                | ---               | <i>[26,221]</i>      |
| <i>ACE.....</i>   | <i>[11,000]</i>       | <i>[8,000]</i>     | ---              | ---                | ---               | ---                  |
| <i>ITDS.....</i>  | <i>[5,600]</i>        | <i>[5,400]</i>     | ---              | ---                | ---               | ---                  |
| <i>DO Productivity Enhancement.....</i>                           | <i>[3,875]</i>        | <i>[3,813]</i>     | <i>[3,813]</i>   | ---                | ---               | <i>[3,813]</i>       |
| <i>Other Systems (FY 2000 is primarily Y2K).....</i>              | <i>[1,000]</i>        | <i>[1,200]</i>     | <i>[4,527]</i>   | ---                | ---               | <i>[4,527]</i>       |
| <i>Y2K Funding from Supplemental Appropriation Transfer.....</i>  | <i>[35,500]</i>       | ---                | ---              | ---                | ---               | ---                  |
| <i>Land Mobile Radio Modernization and NTIA Compliance.....</i>   | ---                   | ---                | <i>[15,000]</i>  | ---                | ---               | <i>[15,000]</i>      |
| <i>Money Laundering Grants.....</i>                               | ---                   | ---                | <i>[3,000]</i>   | ---                | ---               | <i>[3,000]</i>       |
| <i>Critical Infrastructure.....</i>                               | ---                   | ---                | <i>[1,000]</i>   | ---                | ---               | <i>[1,000]</i>       |
| <i>FLEWUG.....</i>  | ---                   | ---                | <i>[3,000]</i>   | <i>[3,000]</i>     | ---               | ---                  |
| <b>OFFICE OF INSPECTOR GENERAL 1/.....</b>                        | 29,719                | 29,616             | 32,017           | ---                | ---               | 32,017               |
| <b>INSPECTOR GENERAL FOR TAX ADMINISTRATION 1/.....</b>           | ---                   | 108,418            | 112,207          | ---                | ---               | 112,207              |
| <b>FINANCIAL CRIMES ENFORCEMENT NETWORK:</b>                      |                       |                    |                  |                    |                   |                      |
| Salaries and Expenses.....  | 22,835                | 24,000             | 28,418           | ---                | ---               | 28,418               |
| <i>VCRTF (non-add; included separately).....</i>                  | <i>[1,000]</i>        | <i>[1,400]</i>     | <i>[1,263]</i>   | ---                | ---               | <i>[1,263]</i>       |
| <b>FEDERAL LAW ENFORCEMENT TRAINING CENTER:</b>                   |                       |                    |                  |                    |                   |                      |
| Salaries and Expenses.....  | 64,663                | 75,471             | 92,346           | 5,500              | ---               | 86,846               |
| <i>VCRTF (non-add; included separately).....</i>                  | <i>[1,000]</i>        | ---                | ---              | ---                | ---               | ---                  |
| Acquisition, Construction, Improvements and Related Expenses..... | 32,548                | 34,760             | 21,000           | ---                | ---               | 21,000               |
| Subtotal, FLETC.....  | 97,211                | 110,231            | 113,346          | 5,500              | ---               | 107,846              |
| <b>FINANCIAL MANAGEMENT SERVICE.....</b>                          | 207,790               | 196,490            | 202,670          | ---                | ---               | 202,670              |
| <b>ALCOHOL, TOBACCO AND FIREARMS:</b>                             |                       |                    |                  |                    |                   |                      |
| Salaries and Expenses.....  | 478,951               | 541,574            | 605,806          | 20,947             | ---               | 584,859              |
| <i>VCRTF (non-add; included separately).....</i>                  | <i>[29,421]</i>       | <i>[16,000]</i>    | <i>[13,000]</i>  | ---                | ---               | <i>[13,000]</i>      |
| Laboratory Facilities and Headquarters.....                       | 55,022                | ---                | 15,000           | ---                | ---               | 15,000               |
| Subtotal, ATF.....  | 533,973               | 541,574            | 620,806          | 20,947             | ---               | 599,859              |
| <b>U.S. CUSTOMS SERVICE:</b>                                      |                       |                    |                  |                    |                   |                      |
| Salaries and Expenses .....                                       | 1,524,117             | 1,748,865          | 1,755,370        | 35,000             | 312,400           | 1,407,970            |
| <i>VCRTF (non-add; included separately).....</i>                  | <i>[60,648]</i>       | <i>[65,472]</i>    | <i>[64,952]</i>  | ---                | ---               | <i>[64,952]</i>      |
| Operations & Maint, Air & Marine Interdiction Programs.....       | 92,758                | 276,388            | 109,413          | ---                | ---               | 109,413              |
| Facilities, Construction, Improvements and Related Expenses.....  | ---                   | 7,000              | ---              | ---                | ---               | ---                  |
| Harbor Maintenance Fee Collection.....                            | 3,000                 | 3,000              | ---              | ---                | ---               | ---                  |
| Customs Services at Small Airports 2/.....                        | 2,406                 | ---                | ---              | ---                | ---               | ---                  |
| Subtotal, CUSTOMS.....  | 1,622,281             | 2,035,253          | 1,864,783        | 35,000             | 312,400           | 1,517,383            |

**DEPARTMENT OF THE TREASURY  
COMPARISON OF APPROPRIATIONS AND  
ESTIMATES FOR TREASURY BUREAUS**

(Dollars in Thousands)



|   | FY 1998<br>Enacted 3/ | FY 1999<br>Enacted | FY 2000           |                    |                   |                      |
|---|-----------------------|--------------------|-------------------|--------------------|-------------------|----------------------|
|   |                       |                    | Program<br>Level  | Less<br>Forf. Fund | Less<br>User Fees | Net<br>Appropriation |
| <b>APPROPRIATED ACCOUNTS</b>  |                       |                    |                   |                    |                   |                      |
| <b>BUREAU OF THE PUBLIC DEBT</b> .....                                | 173,826               | 176,500            | 182,219           | ---                | ---               | 182,219              |
| Maintenance Fee.....  | (4,400)               | (4,400)            | (4,400)           | ---                | ---               | (4,400)              |
| Subtotal, PUBLIC DEBT.....  | 169,426               | 172,100            | 177,819           | ---                | ---               | 177,819              |
| <b>INTERNAL REVENUE SERVICE:</b>                                      |                       |                    |                   |                    |                   |                      |
| Processing, Assistance, and Management.....                           | 2,945,874             | 2,984,778          | 3,312,535         | ---                | ---               | 3,312,535            |
| Tax Law Enforcement.....  | 3,103,468             | 3,164,189          | 3,337,841         | 1,003              | ---               | 3,336,838            |
| Information Systems.....  | 1,292,487             | 1,259,530          | 1,455,401         | ---                | ---               | 1,455,401            |
| Information Technology Investments.....                               | 294,670               | 211,000            | ---               | ---                | ---               | ---                  |
| Subtotal, IRS 1/.....   | 7,636,499             | 7,619,497          | 8,105,777         | 1,003              | ---               | 8,104,774            |
| <b>U.S. SECRET SERVICE:</b>   |                       |                    |                   |                    |                   |                      |
| Salaries and Expenses.....  | 564,950               | 681,110            | 737,778           | 76,466             | ---               | 661,312              |
| VCRTF (non-add; included separately).....                             | [15,731]              | [22,628]           | [3,196]           | ---                | ---               | [3,196]              |
| Acquisition, Construction, Improvements and Related Expenses.....     | 8,799                 | 8,068              | 4,923             | ---                | ---               | 4,923                |
| Subtotal, USSS.....   | 573,749               | 689,178            | 742,701           | 76,466             | ---               | 666,235              |
| <b>INTERAGENCY CRIME AND DRUG ENFORCEMENT</b> .....                   | 73,794                | 51,900             | 26,184            | ---                | ---               | 26,184               |
| VCRTF (non-add; included separately).....                             | ---                   | [24,000]           | [49,716]          | ---                | ---               | [49,716]             |
| <b>VIOLENT CRIME REDUCTION TRUST FUND:</b>                            |                       |                    |                   |                    |                   |                      |
| DO.....   | 1,600                 | ---                | ---               | ---                | ---               | ---                  |
| FinCEN.....   | 1,000                 | 1,400              | 1,263             | ---                | ---               | 1,263                |
| FLETC.....  | 1,000                 | ---                | ---               | ---                | ---               | ---                  |
| ATF.....  | 29,421                | 16,000             | 13,000            | ---                | ---               | 13,000               |
| Customs.....  | 60,648                | 65,472             | 64,952            | ---                | ---               | 64,952               |
| USSS.....   | 15,731                | 22,628             | 3,196             | ---                | ---               | 3,196                |
| ICDE.....   | ---                   | 24,000             | 49,716            | ---                | ---               | 49,716               |
| Subtotal, VCRTF.....  | 109,400               | 129,500            | 132,127           | ---                | ---               | 132,127              |
| <b>COMMUNITY DEVELOPMENT FINANCIAL INST. FUND</b> .....               | 80,000                | 95,000             | 125,000           | ---                | ---               | 125,000              |
| <b>COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM</b> .....              | ---                   | 10,000             | 17,000            | ---                | ---               | 17,000               |
| <b>INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE</b> .....               | ---                   | 1,500              | ---               | ---                | ---               | ---                  |
| <b>TOTAL, DISCRETIONARY LEVEL</b> .....                               | <b>11,345,355</b>     | <b>11,994,598</b>  | <b>12,515,046</b> | <b>141,916</b>     | <b>312,400</b>    | <b>12,060,730</b>    |
| <b>EARNED INCOME TAX CREDIT COMPLIANCE (EITC) (Outside Cap)</b> ..... | 138,000               | 143,000            | 144,000           | ---                | ---               | 144,000              |
| <b>TOTAL, PROGRAM LEVEL PROPOSED</b> .....                            | <b>11,483,355</b>     | <b>12,137,598</b>  | <b>12,659,046</b> | <b>141,916</b>     | <b>312,400</b>    | <b>12,204,730</b>    |
| Y2K Emergency Reserve (non-add) .....                                 | ---                   | [552,568]          |                   |                    |                   |                      |

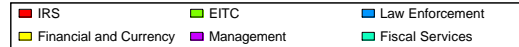
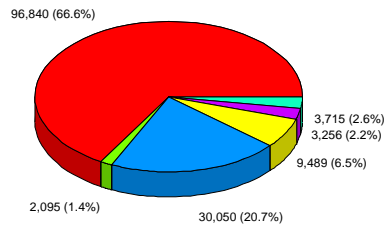
1/ The estimate for the Inspector General for Tax Administration in FY 1999 represents transfers of funding from IRS (\$107.356 million) and OIG (\$1.062 million).

2/ Annual appropriation action for Customs Services at Small Airports is no longer required due to prior enactment of permanent authority.

3/ FY 1998 includes a \$4.001 million transfer of International Cooperative Administrative Support Services (ICASS) enacted in the Dept. of State Appropriation (P.L. 105-119). FY 1998 does not include the \$5.534 million administrative transfer of HIDTA funds to the following bureaus: (FinCEN: \$44,000), (ATF:\$642,000), (USCS:\$3,855,000), (IRS:\$977,000), (USSS:\$16,000).

**DEPARTMENT OF THE TREASURY**  
**FISCAL YEAR COMPARISON OF**  
**TOTAL FULL-TIME EQUIVALENT (FTE ) STAFFING**  
**(DIRECT AND REIMBURSABLE)**

**FY 2000 Total FTE Staffing**



|   | FY 1998<br>Actual |               |                | FY 1999<br>Estimate |               |                | FY 2000<br>Request |               |                |
|---|-------------------|---------------|----------------|---------------------|---------------|----------------|--------------------|---------------|----------------|
|   | Direct            | Reimb.        | Total          | Direct              | Reimb.        | Total          | Direct             | Reimb.        | Total          |
| <b>APPROPRIATED ACCOUNTS</b>                            |                   |               |                |                     |               |                |                    |               |                |
| DEPARTMENTAL OFFICES.....                               | 982               | 383           | 1,365          | 1,043               | 443           | 1,486          | 1,075              | 443           | 1,518          |
| TREASURY BUILDING AND ANNEX REPAIR AND RESTORATION..... | 0                 | 0             | 0              | 10                  | 0             | 10             | 10                 | 0             | 10             |
| DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS.....    | 0                 | 0             | 0              | 0                   | 0             | 0              | 0                  | 0             | 0              |
| TREASURY FRANCHISE FUND.....                            | 0                 | 120           | 120            | 0                   | 431           | 431            | 0                  | 437           | 437            |
| OFFICE OF INSPECTOR GENERAL.....                        | 270               | 6             | 276            | 282                 | 0             | 282            | 291                | 0             | 291            |
| TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.....  | 0                 | 0             | 0              | 1,005               | 0             | 0              | 1,000              | 0             | 1,000          |
| FINANCIAL CRIMES ENFORCEMENT NETWORK.....               | 158               | 4             | 162            | 163                 | 7             | 170            | 183                | 0             | 183            |
| FEDERAL LAW ENFORCEMENT TRAINING CENTER.....            | 480               | 31            | 511            | 562                 | 40            | 602            | 572                | 40            | 612            |
| FINANCIAL MANAGEMENT SERVICE.....                       | 2,001             | 28            | 2,029          | 1,986               | 134           | 2,120          | 1,986              | 156           | 2,142          |
| ALCOHOL, TOBACCO & FIREARMS.....                        | 3,740             | 132           | 3,872          | 4,001               | 116           | 4,117          | 4,131              | 113           | 4,244          |
| ENGRAVING AND PRINTING.....                             | 0                 | 2,532         | 2,532          | 0                   | 2,589         | 2,589          | 0                  | 2,589         | 2,589          |
| U.S. MINT.....  | 0                 | 2,010         | 2,010          | 0                   | 2,466         | 2,466          | 0                  | 2,475         | 2,475          |
| U.S. CUSTOMS SERVICE 1/.....                            | 16,964            | 2,025         | 18,989         | 17,236              | 2,475         | 19,711         | 17,389             | 2,475         | 19,864         |
| BUREAU OF THE PUBLIC DEBT.....                          | 1,744             | 5             | 1,749          | 1,568               | 5             | 1,573          | 1,568              | 5             | 1,573          |
| <b>INTERNAL REVENUE SERVICE:</b>                        |                   |               |                |                     |               |                |                    |               |                |
| Processing, Assistance and Management.....              | 43,855            | 635           | 44,490         | 43,676              | 647           | 44,323         | 44,691             | 647           | 45,338         |
| Tax Law Enforcement.....                                | 44,590            | 384           | 44,974         | 43,888              | 392           | 44,280         | 43,677             | 392           | 44,069         |
| Information Systems.....                                | 7,234             | 33            | 7,267          | 8,184               | 34            | 8,218          | 7,399              | 34            | 7,433          |
|   | 95,679            | 1,052         | 96,731         | 95,748              | 1,073         | 96,821         | 95,767             | 1,073         | 96,840         |
| U.S. SECRET SERVICE.....                                | 4,758             | 0             | 4,758          | 5,146               | 0             | 5,146          | 5,103              | 0             | 5,103          |
| VIOLENT CRIME REDUCTION TRUST FUND.....                 | 186               | 0             | 186            | 72                  | 0             | 72             | 44                 | 0             | 44             |
| <b>SUBTOTAL, TREASURY LEVEL.....</b>                    | <b>126,962</b>    | <b>8,328</b>  | <b>135,290</b> | <b>128,822</b>      | <b>9,779</b>  | <b>137,596</b> | <b>129,119</b>     | <b>9,806</b>  | <b>138,925</b> |
| <b>OTHER ACCOUNTS</b>                                   |                   |               |                |                     |               |                |                    |               |                |
| COMPTROLLER OF THE CURRENCY.....                        | 0                 | 2,785         | 2,785          | 0                   | 3,074         | 3,074          | 0                  | 3,100         | 3,100          |
| OFFICE OF THRIFT SUPERVISION.....                       | 0                 | 1,269         | 1,269          | 0                   | 1,275         | 1,275          | 0                  | 1,275         | 1,275          |
| COMMUNITY DEVELOPMENT FIN. INSTITUTIONS FUND.....       | 25                | 0             | 25             | 45                  | 0             | 45             | 50                 | 0             | 50             |
| EARNED INCOME TAX CREDIT (Outside Caps).....            | 2,358             | 0             | 2,358          | 1,972               | 0             | 1,972          | 2,095              | 0             | 2,095          |
| <b>SUBTOTAL, OTHER ACCOUNTS.....</b>                    | <b>2,383</b>      | <b>4,054</b>  | <b>6,437</b>   | <b>2,017</b>        | <b>4,349</b>  | <b>6,366</b>   | <b>2,145</b>       | <b>4,375</b>  | <b>6,520</b>   |
| <b>TOTAL, TREASURY LEVEL.....</b>                       | <b>129,345</b>    | <b>12,382</b> | <b>141,727</b> | <b>130,839</b>      | <b>14,128</b> | <b>143,962</b> | <b>131,264</b>     | <b>14,181</b> | <b>145,445</b> |

1/ Does not include Small Airports or Misc. Permanent Appropriation FTE.

Department of the Treasury  
FY 2000 President's Budget  
(\$ in Thousands)

| Bureau/Account                          | Issue   | Pres. Bdgt.       | PB Direct FTE  | PB Reimb. FTE | Total FTE      |
|---|---|-------------------|----------------|---------------|----------------|
| <b>FY 1999 Enacted</b>                  |   | <b>11,994,598</b> | <b>128,867</b> | <b>14,128</b> | <b>---</b>     |
| <i>Maintaining Current Levels</i>       |   |                   |                |               |                |
|   | <b>Mandatory Cost Increases</b>   | <b>469,235</b>    | <b>---</b>     | <b>---</b>    | <b>---</b>     |
|   | <b>Initiative Annualizations</b>  | <b>28,849</b>     | <b>341</b>     | <b>(7)</b>    | <b>334</b>     |
|   | <b>Workload Adjustments/Transfers</b>                                     | <b>(5,674)</b>    | <b>55</b>      | <b>43</b>     | <b>98</b>      |
|   | <b>SuperSurplus Forfeiture Fund</b>                                       | <b>118,597</b>    | <b>---</b>     | <b>---</b>    | <b>---</b>     |
| <i>One Time Costs/Savings</i>           |   |                   |                |               |                |
|   | <b>Base Program Reductions/Re-applications</b>                            | <b>(7,100)</b>    | <b>---</b>     | <b>---</b>    | <b>---</b>     |
|   | <b>IRS Information Technology Investment</b>                              | <b>(211,000)</b>  | <b>---</b>     | <b>---</b>    | <b>---</b>     |
|   | <b>One Time Costs/Savings</b>   | <b>(431,880)</b>  | <b>(117)</b>   | <b>17</b>     | <b>(100)</b>   |
| <b>FY 2000 Current Services</b>         |   | <b>11,955,625</b> | <b>129,146</b> | <b>14,181</b> | <b>143,327</b> |
| ➔ <b>IRS</b>                            | <i>Restructure and Reform</i>   | 197,048           | 500            | ---           | <b>500</b>     |
|   | <i>Y2K Technology</i>   | 250,426           | 239            | ---           | <b>239</b>     |
|   | <i>Absorption of Mandatory Cost Increases</i>                             | (50,566)          | (580)          | ---           | <b>(580)</b>   |
| ➔ <b>ATF</b>                            | <i>Headquarters Building: Site Acquisition</i>                            | 15,000            | ---            | ---           | <b>---</b>     |
|   | <i>YCGII Expansion</i>  | 11,200            | 43             | ---           | <b>43</b>      |
|   | <i>Integrated Violent Reduction Strategy</i>                              | 12,600            | 56             | ---           | <b>56</b>      |
|   | <i>Tobacco Compliance</i>   | 5,209             | 38             | ---           | <b>38</b>      |
|   | <i>Promotion Assessment System</i>  | 1,100             | ---            | ---           | <b>---</b>     |
|   | <i>Absorption of Mandatory Cost Increases</i>                             | (3,133)           | (88)           | ---           | <b>(88)</b>    |
| ➔ <b>SCIP (formerly Auto.)</b>          | <i>Treasury-wide Bureau Support: Human Resources Information System</i>   | 15,944            | ---            | ---           | <b>---</b>     |
|   | <i>End-Stage Y2K Workload</i>   | 4,327             | ---            | ---           | <b>---</b>     |
|   | <i>Critical Infrastructure</i>  | 1,000             | ---            | ---           | <b>---</b>     |
|   | <i>Money Laundering Grants</i>  | 3,000             | ---            | ---           | <b>---</b>     |
|   | <i>Land Mobile Radio Modernization and NTIA Compliance</i>                | 15,000            | ---            | ---           | <b>---</b>     |
| ➔ <b>TIGTA</b>                          | <i>Absorption of Mandatory Cost Increases</i>                             | (494)             | (5)            | ---           | <b>(5)</b>     |
| ➔ <b>FinCEN</b>                         | <i>Enhance Electronic Filing of SARS</i>                                  | 200               | ---            | ---           | <b>---</b>     |
| ➔ <b>FLETC</b>                          | <i>Master Plan: Classroom Building</i>                                    | 4,889             | ---            | ---           | <b>---</b>     |
|   | <i>Counter-Terrorism Training</i>   | 2,506             | 4              | ---           | <b>4</b>       |
|   | <i>Financial Management</i>   | 1,880             | 2              | ---           | <b>2</b>       |
|   | <i>New Training Building Support</i>                                      | 2,234             | 4              | ---           | <b>4</b>       |
|   | <i>Equipment</i>  | 1,973             | ---            | ---           | <b>---</b>     |
|   | <i>Scheduling Automation</i>  | 350               | ---            | ---           | <b>---</b>     |
|   | <i>Absorption of Mandatory Cost Increases</i>                             | (652)             | (9)            | ---           | <b>(9)</b>     |
| ➔ <b>FMS</b>                            | <i>Absorption of Mandatory Cost Increases</i>                             | (4,056)           | ---            | ---           | <b>---</b>     |
| ➔ <b>USCS</b>                           | <i>Land Border Blitizes</i>   | 1,450             | ---            | ---           | <b>---</b>     |
|   | <i>International Child Labor Initiative</i>                               | 2,000             | 3              | ---           | <b>3</b>       |
|   | <i>Non-Intrusive Mobile Personal Inspection Technology</i>                | 9,000             | ---            | ---           | <b>---</b>     |
|   | <i>Money Laundering (Outbound ) - Technology</i>                          | 2,000             | ---            | ---           | <b>---</b>     |
|   | <i>Integrity Enhancement</i>  | 6,000             | ---            | ---           | <b>---</b>     |
|   | <i>Training - Centralized Development Program</i>                         | 5,000             | 8              | ---           | <b>8</b>       |
|   | <i>Absorption of Mandatory Cost Increases</i>                             | (5,810)           | ---            | ---           | <b>---</b>     |
| ➔ <b>BPD</b>                            | <i>ADP Infrastructure Upgrade</i>   | 900               | ---            | ---           | <b>---</b>     |
|   | <i>Absorption of Mandatory Cost Increases</i>                             | (1,033)           | ---            | ---           | <b>---</b>     |
| ➔ <b>USSS</b>                           | <i>Protective Technical Security</i>                                      | 2,014             | 4              | ---           | <b>4</b>       |
|   | <i>Permanent Protection Program</i>                                       | 5,854             | 19             | ---           | <b>19</b>      |
|   | <i>Workspace Program</i>  | 5,922             | ---            | ---           | <b>---</b>     |
|   | <i>Absorption of Mandatory Cost Increases</i>                             | (14,180)          | (220)          | ---           | <b>(220)</b>   |
| ➔ <b>CDFI</b>                           | <i>Program Increase</i>   | 15,000            | ---            | ---           | <b>---</b>     |
|   | <i>Legislative Proposal: Program for Investment in Microentrepreneurs</i> | 15,000            | 5              | ---           | <b>5</b>       |
| ➔ <b>SuperSurplus Forf. Fund</b>        | <i>Program Initiatives</i>  | 23,319            | ---            | ---           | <b>---</b>     |
| <b>FY 2000 Operational Requirements</b> |   | <b>12,515,046</b> | <b>129,169</b> | <b>14,181</b> | <b>143,350</b> |
| Less                                    |   |                   |                |               |                |
| ➔ <b>USCS</b>                           | <i>Customs Commercial Operations Fee</i>                                  | (312,400)         | ---            | ---           | <b>---</b>     |
| ➔ <b>SuperSurplus Forf. Fund</b>        |   | (141,916)         | ---            | ---           | <b>---</b>     |
| <b>FY 2000 Discretionary Request</b>    |   | <b>12,060,730</b> | <b>129,169</b> | <b>14,181</b> | <b>143,350</b> |
| ➔ <b>EITC</b>                           | <i>Earned Income Tax Credit Compliance Initiative</i>                     | 144,000           | 2,095          | ---           | 2,095          |
| <b>FY 2000 President's Budget</b>       |   | <b>12,204,730</b> | <b>131,264</b> | <b>14,181</b> | <b>145,445</b> |

**Department of the Treasury**  
**FY 2000 Treasury Initiatives Linked to Treasury Strategic Plan**  
(dollars in thousands)

| <i>Mission/Goal/Objective/Bureau</i>  | <i>Initiatives</i>   | <i>FY 2000 Initiatives</i> |                |
|---|--|----------------------------|----------------|
|   |  | <i>\$</i>                  | <i>Dir FTE</i> |
| <b>Mission: Economic</b>  |  |                            |                |
| <b>1. Goal: Promote Domestic Economic Growth</b>                            |  |                            |                |
|   | <i>Promote fair and efficient delivery of credit and other financial services and help bring residents of distressed communities into the mainstream</i> |                            |                |
|   | CDFI Program Increase  | 15,000                     |                |
|   | CDFI Legislative Proposal: Program for Investment in Microentrepreneurs  | 15,000                     | 5              |
|   | <b>Subtotal, GOAL 1</b>  | <b>30,000</b>              | <b>5</b>       |
| <b>2. Goal: Maintain U.S. Leadership on Global Economic Issues</b>          |  |                            |                |
|   | <i>Facilitate legitimate trade, enhance access to foreign markets and enforce trade agreements</i>   |                            |                |
|   | USCS International Child Labor Initiatives   | 2,000                      | 3              |
|   | <b>Subtotal, GOAL 2</b>  | <b>2,000</b>               | <b>3</b>       |
|   | <b>Subtotal, Economic</b>  | <b>32,000</b>              | <b>8</b>       |
| <b>Mission: Financial</b>   |  |                            |                |
| <b>1. Goal: Collect Revenue Due to the Federal Government</b>               |  |                            |                |
|   | <i>Increase compliance with tax and trade laws</i>   |                            |                |
|   | ATF Tobacco Compliance   | 5209                       | 38             |
|   | IRS Restructure and Reform   | 40,000                     | 500            |
|   | <b>Subtotal, GOAL 1</b>  | <b>45,209</b>              | <b>538</b>     |
| <b>2. Goal: Manage the Federal Government's Accounts</b>                    |  |                            |                |
|   | <i>Provide accurate and timely financial info. and support the gov't-wide implementation of accounting standards</i>                                     |                            |                |
|   | BPD ADP Infrastructure Upgrade   | 900                        |                |
|   | <b>Subtotal, GOAL 2</b>  | <b>900</b>                 | <b>0</b>       |
|   | <b>Subtotal, Financial</b>   | <b>46,109</b>              | <b>538</b>     |
| <b>Mission: Law Enforcement</b>   |  |                            |                |
| <b>1. Goal: Combat Financial Crimes and Money Laundering</b>                |  |                            |                |
|   | <i>Strengthen the capability to fight money laundering</i>   |                            |                |
|   | SCIP Money Laundering Grants   | 3,000                      |                |
|   | FinCen Enhance Electronic Filing of SARS   | 200                        |                |
|   | <b>Subtotal, GOAL 1</b>  | <b>3,200</b>               | <b>0</b>       |
| <b>2. Goal: Reduce the Trafficking, Smuggling, and Use of Illicit Drugs</b> |  |                            |                |
|   | <i>Strengthen the capability to interdict illegal drugs</i>  |                            |                |
|   | USCS Land Border Blitzes   | 1,450                      |                |
|   | USCS Non-Intrusive Mobile Personal Inspection Technology   | 9,000                      |                |
|   | <i>Disrupt and dismantle drug smuggling organizations</i>  |                            |                |
|   | USCS Money Laundering (Outbound) - Technology  | 2,000                      |                |
|   | <b>Subtotal, GOAL 2</b>  | <b>12,450</b>              | <b>0</b>       |
| <b>3. Goal: Fight Violent Crime</b>   |  |                            |                |
|   | <i>Deny criminals access to firearms and reduce the risk of violent crime</i>  |                            |                |
|   | ATF YCGII Expansion  | 11,200                     | 43             |
|   | ATF Integrated Violence Reduction Strategy   | 12,600                     | 56             |
|   | <i>Safeguard the public from arson and explosive incidents</i>   |                            |                |
|   | ATF Headquarters Building: Site Acquisition  | 15,000                     |                |
|   | <b>Subtotal, GOAL 3</b>  | <b>38,800</b>              | <b>99</b>      |



**Department of the Treasury**  
**FY 2000 Treasury Initiatives Linked to Treasury Strategic Plan**  
(dollars in thousands)

| <i>Mission/Goal/Objective/Bureau</i>   | <i>Initiatives</i>   | <i>FY 2000 Initiatives</i> |                |
|--|--|----------------------------|----------------|
|  |  | <i>\$</i>                  | <i>Dir FTE</i> |
| <b><u>4. Goal: Protect our Nation's Leaders and Visiting World Leaders</u></b>     |  |                            |                |
|  | <i>Proactively manage the changing nature of threats by developing, acquiring, and deploying countermeasures</i> |                            |                |
|  | SCIP Critical Infrastructure   | 1,000                      |                |
|  | SCIP Land Mobile Radio Modernization and NTIA Compliance   | 15,000                     |                |
|  | USSS Workspace Program   | 5,922                      |                |
|  | USSS Protective Technical Security   | 2,014                      | 4              |
|  | USSS Permanent Protection Program  | 5,854                      | 19             |
|  | <b>Subtotal, GOAL 4</b>  | <b>29,790</b>              | <b>23</b>      |
| <b><u>5. Goal: Provide High Quality Training for Law Enforcement Personnel</u></b> |  |                            |                |
|  | <i>Enhance basic and in-service training programs to meet changing needs and increasing demands</i>              |                            |                |
|  | FLETC Counter-Terrorism Training   | 2,506                      | 4              |
|  | USCS Training - Centralized Development Program  | 5,000                      | 8              |
|  | <i>Develop and operate state-of-the-art facilities and systems for training</i>                                  |                            |                |
|  | FLETC Master Plan: Classroom Building  | 4,889                      |                |
|  | FLETC New Training Building Support  | 2,234                      | 4              |
|  | FLETC Equipment  | 1,973                      |                |
|  | FLETC Scheduling Automation  | 350                        |                |
|  | <b>Subtotal, GOAL 5</b>  | <b>16,952</b>              | <b>16</b>      |
|  | <b>Subtotal, Law Enforcement</b>   | <b>101,192</b>             | <b>138</b>     |
| <b><u>Mission: Management</u></b>  |  |                            |                |
| <b><u>1. Goal: Improve Management Operations</u></b>                               |  |                            |                |
|  | <i>Improve capacity to recruit, develop, and retain high caliber employees</i>                                   |                            |                |
|  | ATF Promotion Assessment System  | 1,100                      |                |
|  | SCIP Treasury-wide Bureau Support: Human Resources Information System  | 15,944                     |                |
|  | USCS Integrity Enhancement   | 6,000                      |                |
|  | <i>Ensure strong financial management of Treasury accounts</i>   |                            |                |
|  | FLETC Financial Management   | 1,880                      | 2              |
|  | <i>Make wise information technology investments and ensure year 2000 compliance</i>                              |                            |                |
|  | IRS Y2K Technology   | 250,426                    | 239            |
|  | SCIP End-Stage Y2K Workload  | 4,327                      | 0              |
|  | <b>Subtotal, GOAL 1</b>  | <b>279,677</b>             | <b>241</b>     |
| <b><u>2. Goal: Improve Program Performance</u></b>                                 |  |                            |                |
|  | <i>Improve customer service</i>  |                            |                |
|  | IRS Restructure and Reform   | 140,000                    |                |
|  | IRS Restructure and Reform -- Customer Service Training  | 17,048                     | 0              |
|  | <b>Subtotal, Goal 2</b>  | <b>157,048</b>             | <b>0</b>       |
|  | <b>Subtotal, Management</b>  | <b>436,725</b>             | <b>241</b>     |
|  | <b>Total, Initiatives</b>  | <b>616,026</b>             | <b>925</b>     |

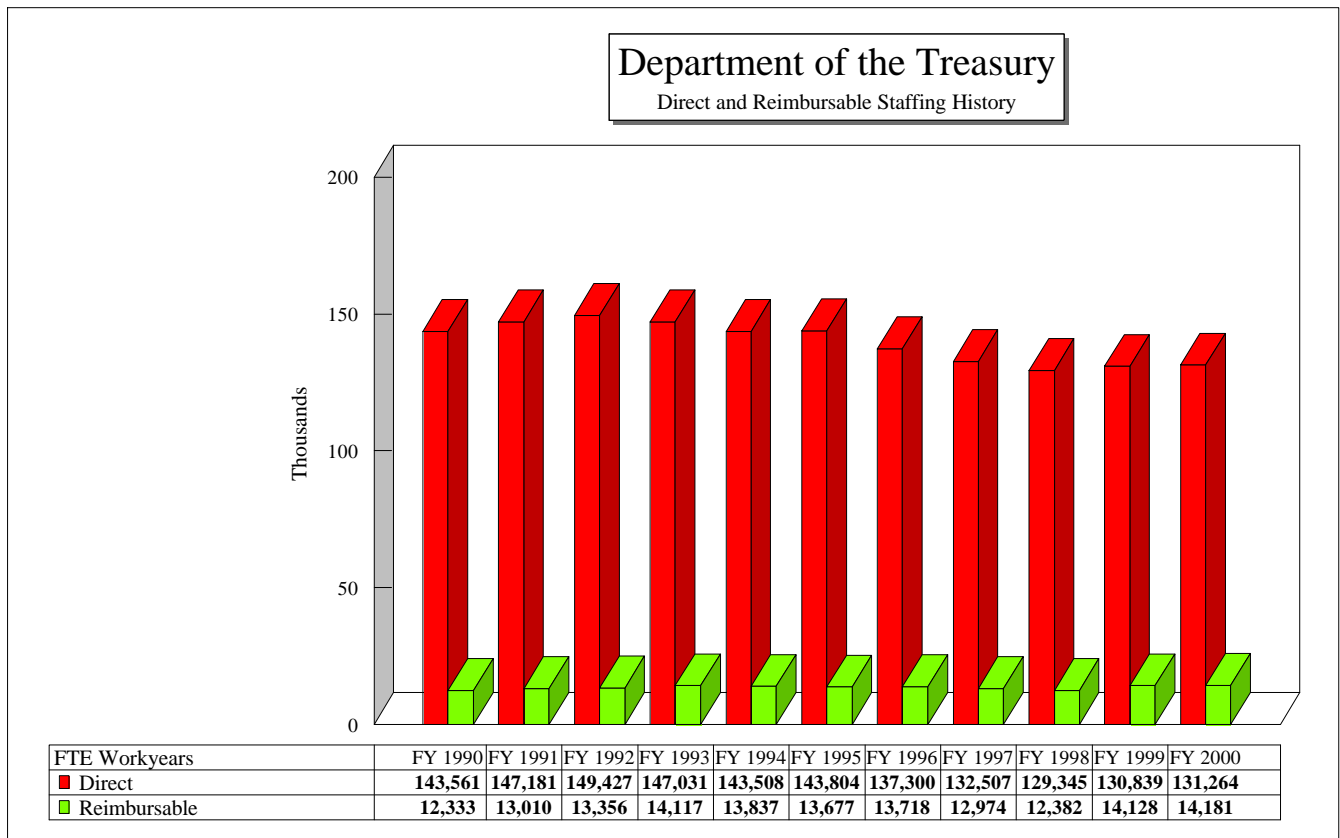
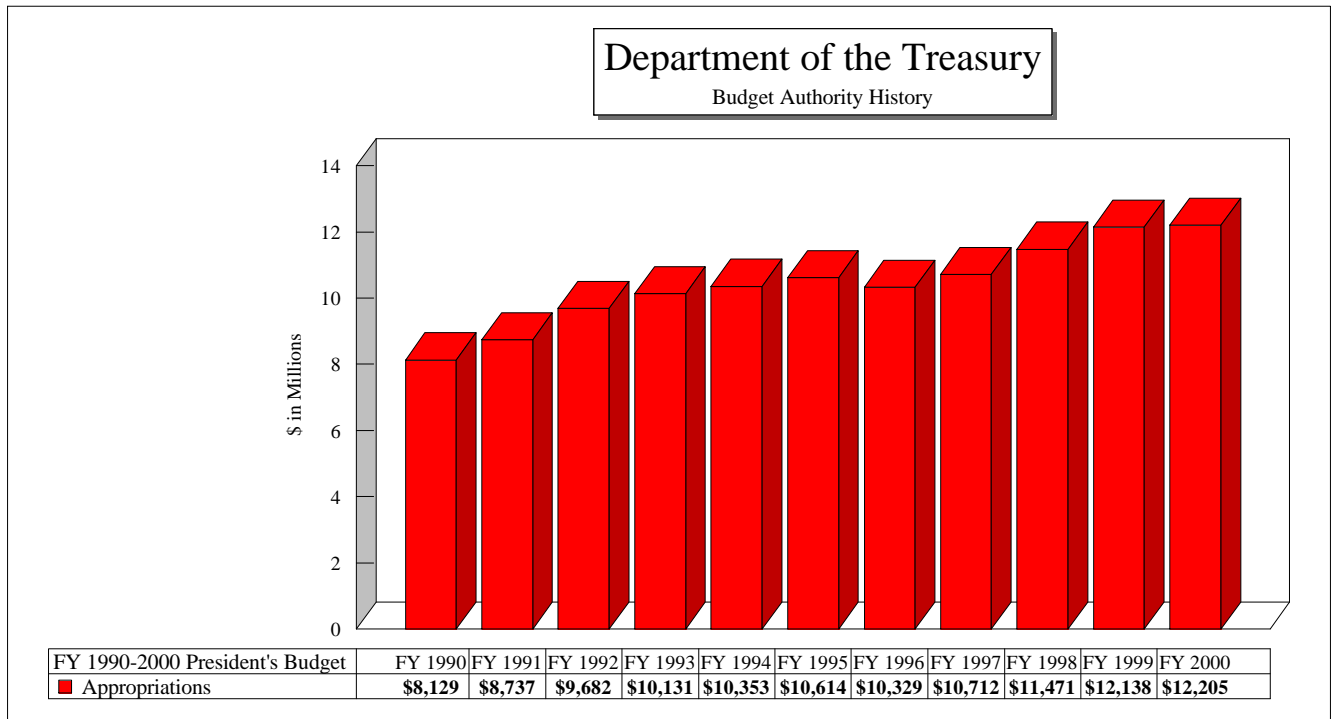
**DEPARTMENT OF THE TREASURY FY 1997 - FY 2002 STRATEGIC PLAN  
SUMMARY TABLE OF MISSION, GOALS AND OBJECTIVES**

| <b>ECONOMIC: PROMOTE PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMIES</b>  | <b>FINANCIAL: MANAGE THE GOVERNMENT'S FINANCES</b>   | <b>LAW ENFORCEMENT: PROTECT OUR FINANCIAL SYSTEMS AND OUR NATION'S LEADERS, AND FOSTER A SAFE AND DRUG FREE AMERICA</b>  | <b>MANAGEMENT: CONTINUE TO BUILD A STRONG INSTITUTION</b>   |
|--|--|--|---|
| <p><b>GOAL: PROMOTE DOMESTIC ECONOMIC GROWTH</b></p> <ul style="list-style-type: none"> <li>• Balance the budget by 2002</li> <li>• Promote long-term entitlement reform</li> <li>• Improve retirement security and increase savings</li> <li>• Promote fair and efficient delivery of credit and other financial services and help bring residents of distressed communities into the economic mainstream</li> <li>• Improve and modernize the U.S. financial system</li> <li>• Promote the integrity and efficiency of the Nation's financial markets</li> <li>• Provide an economic and government financial policy perspective on all relevant Administration issues</li> <li>• <b>Protect the public and prevent consumer deception in the alcohol, tobacco, firearms and explosive industries *</b></li> </ul> <p><b>GOAL: MAINTAIN U.S. LEADERSHIP ON GLOBAL ECONOMIC ISSUES</b></p> <ul style="list-style-type: none"> <li>• Promote the implementation of sound economic policies in developing and emerging market economies</li> <li>• Strengthen international financial institutions and support their efforts to promote sustainable economic growth, development, and financial stability</li> <li>• Monitor the global economy and promote international economic growth through cooperation on economic policy</li> <li>• Facilitate legitimate trade, enhance access to foreign markets and enforce trade agreements</li> <li>• Help strengthen the stability and efficiency of global capital markets and promote a sound global policy framework for international investment</li> <li>• Pursue exchange rate policies to promote world economic growth and financial stability</li> </ul> | <p><b>GOAL: COLLECT REVENUE DUE TO THE FEDERAL GOVERNMENT</b></p> <ul style="list-style-type: none"> <li>• Improve and simplify tax laws and administrative guidance, consistent with other important tax policy goals</li> <li>• Increase compliance with tax and trade laws</li> <li>• Modernize Internal Revenue Service information technology to increase timeliness and accuracy of processing</li> <li>• Improve Federal non-tax debt collections</li> <li>• Assist and provide financial guidance to other Federal agencies on privatizing assets and operations in a manner that protects the interest of taxpayers</li> </ul> <p><b>GOAL: MANAGE THE FEDERAL GOVERNMENT'S ACCOUNTS</b></p> <ul style="list-style-type: none"> <li>• Ensure all Federal payments are accurate and timely</li> <li>• Ensure that the government's cash management minimizes risk and provides immediate flow and balance information</li> <li>• Provide accurate and timely financial information and support the government-wide implementation of accounting standards</li> <li>• Strengthen the government's financial infrastructure to improve the efficiency of program management across government</li> </ul> <p><b>GOAL: COST-EFFECTIVELY FINANCE THE FEDERAL GOVERNMENT'S OPERATIONS</b></p> <ul style="list-style-type: none"> <li>• Finance the Federal government in the most cost-effective manner over the long-term</li> </ul> <p><b>GOAL: IMPROVE THE EFFICIENCY OF PRODUCTION OPERATIONS AND MAINTAIN THE INTEGRITY OF U.S. LEGAL TENDER</b></p> <ul style="list-style-type: none"> <li>• Increase the productivity and efficiency of coin and currency manufacturing</li> <li>• Continue to explore mechanisms for maintaining the integrity of U.S. coin and currency</li> </ul> | <p><b>GOAL: COMBAT FINANCIAL CRIMES AND MONEY LAUNDERING</b></p> <ul style="list-style-type: none"> <li>• Strengthen the capability to fight money laundering</li> <li>• Strengthen the capability to fight counterfeiting and other criminal threats to our financial system</li> </ul> <p><b>GOAL: REDUCE THE TRAFFICKING, SMUGGLING AND USE OF ILLICIT DRUGS</b></p> <ul style="list-style-type: none"> <li>• Strengthen the capability to interdict illegal drugs</li> <li>• Disrupt and dismantle drug smuggling organizations</li> </ul> <p><b>GOAL: FIGHT VIOLENT CRIME</b></p> <ul style="list-style-type: none"> <li>• Deny criminals access to firearms and reduce the risk of violent crime in our communities</li> <li>• Safeguard the public from arson and explosive incidents</li> <li>• Strengthen the capability to fight terrorist threats to the U.S.</li> </ul> <p><b>GOAL: PROTECT OUR NATION'S LEADERS AND VISITING WORLD LEADERS</b></p> <ul style="list-style-type: none"> <li>• Proactively manage the changing nature of threats by developing, acquiring and deploying countermeasures</li> <li>• Develop a formal risk assessment-based decision making process to enhance protective capabilities</li> </ul> <p><b>GOAL: PROVIDE HIGH QUALITY TRAINING FOR LAW ENFORCEMENT PERSONNEL</b></p> <ul style="list-style-type: none"> <li>• Enhance basic and in-service training programs to meet changing needs and increasing demands</li> <li>• Develop and operate state-of-the-art facilities and systems for training</li> </ul> | <p><b>GOAL: IMPROVE MANAGEMENT OPERATIONS</b></p> <ul style="list-style-type: none"> <li>• Improve capacity to recruit, develop, and retain high caliber employees</li> <li>• Strengthen Treasury's ability to ensure proper and effective oversight of bureau operations</li> <li>• Ensure strong financial management of Treasury accounts</li> <li>• Make wise information technology investments and ensure year 2000 compliance</li> <li>• Procure quality goods and services at a fair and reasonable price and in a timely manner</li> <li>• Expand equal employment opportunities and minority programs</li> </ul> <p><b>GOAL: IMPROVE PROGRAM PERFORMANCE</b></p> <ul style="list-style-type: none"> <li>• Improve customer service</li> <li>• Foster partnerships with customers and stakeholders to achieve objectives</li> <li>• Continue to reinvent and modernize operations to achieve efficiencies</li> </ul> |

\* Added as an interim update to the Treasury plan as part of the FY 2000 Annual Performance Plan.

# FY 1990-FY 2000

## BUDGET AUTHORITY/FTE STAFFING HISTORY



## Departmental Offices

| <i>Program Summary (dollars in millions)</i>      |                    |                    |                    |                      |             |
|---|--------------------|--------------------|--------------------|----------------------|-------------|
| Appropriation Title                               | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |             |
|   |                    |                    |                    | \$millions           | percent     |
| Salaries and Expenses                             | 115.6              | 123.2              | 134.6              | 11.4                 | 9.3%        |
| Counter-Terrorism Emergency Supplemental          | - - -              | 1.5                | - - -              | -1.5                 | -100.0%     |
| Violent Crime Reduction Trust Fund                | 1.6                | - - -              | - - -              | 0.0                  | n/a         |
| <b>Bureau Program Level</b>                       | <b>117.2</b>       | <b>124.7</b>       | <b>134.6</b>       | <b>9.9</b>           | <b>7.9%</b> |
| Office of Professional Responsibility             | 1.2                | - - -              | - - -              | 0.0                  | n/a         |
| Treasury Buildings/Annex Repair and Restoration   | 10.5               | 27.0               | 23.0               | -4.0                 | -14.8%      |
| International Affairs Technical Assistance        | - - -              | 1.5                | - - -              | -1.5                 | -100.0%     |
| <i>Y2K Emergency Reserve (not included above)</i> | - - -              | 1.2                | - - -              | -1.2                 | -100.0%     |

### *Explanation of FY 2000 Request*

The Departmental Offices (DO) budget request responds to concerns about pressing economic issues in tax policy and foreign policy that are challenging Treasury's capacity to serve a wide ranging set of customers: stakeholders in new enterprise areas, Federal agencies, Congress, the international financial network/community, and individual countries with fragile emerging market economies.

Proposed resource increases are intended to safeguard current oversight capacity by adjusting for mandatory cost increases, and to augment selected capabilities:

- ☐ International Affairs: Address many new analytical demands of key government organizations related to emerging markets, as a critical component of international diplomacy; and
- ☐ Tax Policy: Address a White House initiative requirement to ensure tax neutrality of electronic commerce (i.e., resulting in neither unfair imposition nor opportunity for tax avoidance).

### *Purpose of Program*

This appropriation supports the policy and oversight activities of the Secretary and his staff for Treasury Department areas of responsibility. These areas include the implementation and management of domestic and international financial services, tax, economic, and enforcement policies that may pertain to either the Department or the Federal Government.

### *Program Description and Benefits*

Activities of the Departmental Offices funded by this appropriation include:

## Departmental Offices

- ❑ **Fiscal and financial policy:** Overseeing domestic finance, banking and financial institutions, government asset privatization; public debt financing, daily government cash flow, and the Debt Collection Improvement Act;
- ❑ **Tax policy:** Developing tax policies and programs; officially estimating all governmental receipts; reviewing regulations and rulings to administer the Internal Revenue Code, negotiating tax treaties for the United States; and providing economic and legal policy analysis;
- ❑ **Economic policy:** Monitoring current and prospective macro and micro-economic developments; collecting and analyzing international financial data including foreign credits and credit guarantees; and supporting consistency of government-wide economic programs;
- ❑ **Enforcement:** Overseeing policies and operations of Treasury enforcement bureaus to: combat money laundering and other financial crime, interdict illegal drugs, enforce trade laws, implement the Nation's economic sanctions policies through the Office of Foreign Assets Control, reduce violent crime, protect national leaders, and provide quality training for enforcement personnel;
- ❑ **International affairs policy:** Executing U.S. international financial policies; analyzing international trade and investment functions and researching financial issues; and
- ❑ **Treasury-wide management policy:** Implementing the functions of the Chief Financial Officer (CFO), the Government Performance and Results Act (GPRA), and the Information Technology Management Reform Act (ITMRA), which includes efficient and effective use of the Treasury's resources.

### *Program Performance*

During FY 2000, DO will emphasize achievement of Treasury's mission-related policy-making and oversight activities. Domestically, DO will track, among other things, its impact on domestic financial institutions' and market's growth and stability, community development efforts, fair and efficient taxation, and the index of borrowing policies and borrowing requirements to financial market participants. Internationally, DO will work to maintain or improve the economic conditions in developing countries, developing debt reduction agreements for poor countries, and meeting current U.S. financing commitments, including paying all arrears to multilateral development banks. Internally, DO will also work to improve bureau and departmental management operations and performance through improving the quality and timeliness of financial systems information, effective Y2K implementation, and implementing an integrated human resources information system.

## Department-wide Systems and Capital Investments Program

| <i>Program Summary (dollars in millions)</i>               |                    |                    |                    |                      |              |
|--|--------------------|--------------------|--------------------|----------------------|--------------|
| Project Title  | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |              |
|  |                    |                    |                    | \$millions           | percent      |
| Automated Commercial Environment (ACE)                     | 11.0               | 8.0                | ---                | -8.0                 | -100.0%      |
| International Trade Data System (ITDS)                     | 5.6                | 5.4                | ---                | -5.4                 | -100.0%      |
| Global Transpark Network/Customs Information               | 0.5                | ---                | ---                | 0.0                  | n/a          |
| Joint Foreign Credit Reporting System                      | ---                | ---                | ---                | 0.0                  | n/a          |
| Federal Law Enforcement Wireless Users Group               | ---                | ---                | ---                | 0.0                  | n/a          |
| Vehicle Management System                                  | ---                | 1.0                | ---                | -1.0                 | -100.0%      |
| Simplified Tax and Wage Reporting System                   | ---                | ---                | ---                | 0.0                  | n/a          |
| Treasury-wide Information Technology Architecture          | ---                | 0.2                | 0.2                | 0.0                  | 0.0%         |
| Treasury-wide Management of Y2K                            | ---                | ---                | 2.5                | 2.5                  | n/a          |
| Departmental Offices Y2K                                   | 0.5                | ---                | 1.8                | 1.8                  | n/a          |
| Departmental Offices Productivity Enhancement              | 3.9                | 3.8                | 3.8                | 0.0                  | 0.0%         |
| Land Mobile Radio Modernization; NTIA Compliance           | ---                | ---                | 15.0               | 15.0                 | n/a          |
| State/Local Money Laundering Investigation Grants          | ---                | ---                | 3.0                | 3.0                  | n/a          |
| Critical Infrastructure Protection                         | ---                | ---                | 1.0                | 1.0                  | n/a          |
| Federal Law Enforcement Wireless Users Group               | ---                | ---                | 3.0                | 3.0                  | n/a          |
| Human Resources Information System (HRIS) <sup>1</sup> :   |                    |                    |                    |                      |              |
| Department-wide HRIS Management                            | 4.4                | 6.1                | 9.6                | 3.5                  | 57.4%        |
| Departmental Offices HRIS                                  | ---                | 0.5                | 1.5                | 1.0                  | 200.0%       |
| ATF HRIS   | ---                | 3.7                | 4.5                | 0.8                  | 21.6%        |
| Customs HRIS   | ---                | ---                | 6.0                | 6.0                  | n/a          |
| USSS HRIS  | ---                | ---                | 3.4                | 3.4                  | n/a          |
| BPD HRIS   | ---                | ---                | 0.5                | 0.5                  | n/a          |
| FMS HRIS   | ---                | ---                | 0.7                | 0.7                  | n/a          |
| <b>TOTAL, Treasury-wide Program Level</b>                  | <b>25.9</b>        | <b>28.7</b>        | <b>56.5</b>        | <b>27.8</b>          | <b>96.9%</b> |
| Less TFF Super Surplus Fund (for FLEWUG)                   | ---                | ---                | -3.0               | -3.0                 | n/a          |
| <b>TOTAL, Net Appropriation Level</b>                      | <b>25.9</b>        | <b>28.7</b>        | <b>53.5</b>        | <b>24.8</b>          | <b>86.4%</b> |
| Y2K Supplemental or Emergency Reserve (not included above) | 35.5               | 2.8                | ---                | -2.8                 | -100.0%      |

### *Explanation of FY 2000 Request*

Proposed increases for FY 2000 support the following Department-wide or cross-cutting efforts:

- ☐ **Human Resources:** DO will continue developing a 21<sup>st</sup> century capability for rational, efficient management of human skills and talents, by adopting proven information systems approaches to integrating personnel information.
- ☐ **Year 2000 Date Change Corrections:** Resources will cover final stage implementation, contingency preparedness, and mandated reporting requirements. No prior year resources are counted in base assumptions.
- ☐ **Land Mobile Radio Modernization and Compliance with National Telecommunications**

## Department-wide Systems and Capital Investments Program

**Information Administration Directive:** Proposed resources will contribute to Treasury's compliance with new law enforcement bandwidth requirements by the FY 2005 deadline.

- ❑ **Critical Infrastructure:** Baseline funding for Presidential Decision Directive (PDD) 63: Critical Infrastructure Protection Initiatives in FY 2000, to achieve: 1) Office of Financial Institutions Policy liaison with the banking and financial services sector, 2) Chief Information Officer efforts to address protection of Treasury information systems, and 3) Office of Security efforts to provide assurance of protection of Treasury's critical facilities, equipment, and vital operations.
- ❑ **Money Laundering Investigations:** The Money Laundering and Financial Crimes Strategy Act of 1998 authorizes Treasury, in consultation with the Department of Justice, to develop a grant program funding State and local anti-financial crime activity. State and local agencies are essential partners in the fight against money laundering and related financial crimes. Money laundering investigations and prosecutions are often complex and resource intensive. These grants will be awarded to these agencies to offset some of their costs. Shortly, Treasury will launch a rulemaking process to determine procedures for evaluating grant applicants.

### *Purpose of Program*

The Department-wide Systems and Capital Investments Program budget request addresses issues having Departmental stature because they are cross-cutting among Treasury bureaus or involve Treasury's interface with other government agencies.

### *Program Description and Benefits*

Besides the areas of emphasis noted for the FY 2000 request, this appropriation funds ongoing Treasury-wide management of information systems architecture compatibility, and a multi-year effort to enhance productivity in Departmental Offices through systems modernization.

### *Program Performance*

Bureaus deriving support from this appropriation reflect its beneficial results within their respective performance measures.



## Treasury Forfeiture Fund

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |         |
|--|--------------------|--------------------|--------------------|----------------------|---------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |         |
|  |                    |                    |                    | \$millions           | percent |
| Law Enforcement Support (Discretionary)      | ---                | ---                | ---                | 0.0                  | n/a     |

### *Explanation of FY 2000 Request*

There is no request for discretionary funding authority for FY 2000 for the Treasury Forfeiture Fund (TFF). TFF will fully support its activities through the permanent, indefinite appropriation. The permanent indefinite appropriation covers all personnel and administrative expenses associated with the operations of the Fund.

### *Purpose of Program*

The program consolidates all Treasury asset forfeiture under one fund which is used to pay or reimburse expenses of Treasury law enforcement bureaus related to seizures of property involved in criminal activity. The Fund uses the ill-gotten gains of criminals to cover the costs of the asset forfeiture activities of Treasury law enforcement bureaus. Residual amounts are made available to meet priority spending needs of law enforcement bureaus that engage in asset forfeiture.

### *Program Description and Benefits*

The following are the categories of expenses authorized for mandatory funding under the Treasury Forfeiture Fund Act of 1992, 31 U.S.C. §9703(a)(1):

- ☐ Equitable sharing payments made to Federal, state and local law enforcement agencies and foreign countries;
- ☐ Contract services in support of asset seizure and forfeiture, the employment of outside contractors, and reimbursement of any Federal, State or local agency for seizure-related tasks;
- ☐ Awards of compensation to informants (moiety claims) under section 619 of the Tariff Act of 1930, as well as, purchase of evidence or information leading to a seizure;
- ☐ All proper expenses of seizure, including investigative costs leading to a seizure, or the costs of forfeiture and sale, such as expenses of detention, inventory, security, maintenance, advertisement, or disposal of property, and certain costs taxed by the court;
- ☐ Salaries of forfeiture program personnel and administrative costs of Fund operations;
- ☐ Overtime salaries, travel, fuel, training, equipment, and other similar costs of state and local enforcement officers that are incurred in joint operations with Treasury;

## **Treasury Forfeiture Fund**

- ☐ Necessary and direct seizure and forfeiture expenses for automatic data processing systems, training, printing, as well as contracting for services related to identifying forfeitable assets, processing and accounting for forfeitures, and storing, maintaining, protecting, and destroying controlled substances.
- ☐ Contract services related to identifying assets, processing and accounting for forfeitures, and for storage, maintenance, protection, and destroying drugs;
- ☐ Satisfaction of valid liens and mortgages against forfeited property;
- ☐ Amounts authorized by law with respect to remission and mitigation expenses; and
- ☐ The services of experts and consultants needed to carry out duties related to seizure and forfeiture.

### ***Program Performance***

TFF expects to achieve the following levels of performance in selected program areas in FY 2000:

- ☐ Ensure revenues are maximized to cover the costs of seizure and forfeiture by measuring:
  - S** percent of mandatory operational costs fully funded by regular revenue;
  - S** the days between the forfeiture of real property and the sale of the property; and
  - S** timely processing of administrative forfeiture cases.
- ☐ Affirmatively influence the use of asset forfeiture by federal law enforcement to punish and deter criminal activity.
- ☐ Reduce the number of days required to process equitable sharing payments by 23 in FY 2000. This reduction from 230 days in FY 1999 to 207 days in FY 2000 affirmatively enhances the cooperation among foreign, Federal, State and local law enforcement agencies in the fight against crime.

## Office of Inspector General

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |         |
|--|--------------------|--------------------|--------------------|----------------------|---------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |         |
|  |                    |                    |                    | \$millions           | percent |
| Salaries and Expenses                        | 29.7               | 29.6               | 32.0               | 2.4                  | 8.1%    |

*FY 1999 enacted at \$30.7M is reduced by \$1.1M transferred to newly established Treasury Inspector General for Tax Administration as directed by the Internal Revenue Service Restructuring and Reform Act of 1998 (IRSRA).*

***Explanation of FY 2000 Request***

The Treasury Office of Inspector General (OIG) budget builds momentum to address erosion of its basic infrastructure that has occurred over the past several years, meets requirements to continue to address major priorities within the Department, and provides a multi-stage strategy for managing the investigative workload with the following efforts:

- ☐ **Ensuring OIG efforts are directed toward issues of high priority and maximum benefit to the Department:** Address investment, integrity, security, and management problems related to information systems management and procurement at the Department and bureaus; audit major systems acquisitions; use information technology capabilities to provide information management systems support for audit and investigative efforts; perform proposed, billed, and claimed contract costs audits and help ensure procurement integrity.
- ☐ **Improving financial management within the Department of the Treasury, enabling the Department to provide a leadership role in the effort to improve financial management throughout the Government:** Ensure compliance with the requirements of the Chief Financial Officers Act of 1990 (CFO) and Government Management Reform Act of 1994 (GMRA) and assist Treasury in implementing new Federal Accounting Standards and reporting requirements through audits of the Treasury consolidated financial statement and stand-alone financial statements for Treasury entities; and integrate financial reporting with budgetary and performance reporting under GPRA.
- ☐ **Providing efficient and effective audit and investigative services:** Increase responsiveness to the growing number of allegations of fraud, waste, abuse, misconduct, and mismanagement; address existing backlog and decreasing reliance on detailed personnel to complete high-priority requirements; investigate and coordinate procurement fraud and nationally significant cases rather than referring back to the bureaus for resolution; and increase the timeliness in acting on special requests.

***Purpose of Program***

This appropriation is used to carry out the provisions of the Inspector General Act Amendments of 1988, the CFO Act, and the GMRA by independently conducting audits, investigations, and reviews on behalf of the Department of the Treasury and the Congress. This appropriation is also used to supervise audits, evaluations, and investigations, and provide oversight and guidance to the Offices of Internal Affairs and Inspection of the Treasury Law Enforcement bureaus.

## Office of Inspector General

### *Program Description and Benefits*

The Office of Inspector General responsibilities funded by this appropriation include:

- ☐ **Ensuring the Integrity of Financial Management within the Department of the Treasury:** The OIG's financial statement audits and services ensure that financial and accounting systems are in compliance with laws and regulations, that accounting and internal controls are appropriate and adequate, and ensure the agency's financial condition and results of operations are accurately and fairly presented.
- ☐ **Promoting Economy, Efficiency and Effectiveness in Treasury Programs and Operations:** The Office of Inspector General's audit and investigative capabilities, and reviews of program performance and issues help the Department and its bureaus identify ways in which their missions' can be fulfilled in a more economic, efficient, and effective manner.
- ☐ **Detecting and Preventing Fraud, Waste, and Abuse:** In conducting, controlling, and overseeing investigations of alleged fraud, waste, and abuse, and in performing contract audits and providing professional advice to agency contracting officials on accounting and financial matters, the OIG's audits, reviews and investigative services protect against attempts to corrupt or threaten Treasury employees, programs, and operations, and promotes an effective integrity awareness and fraud deterrence program.

### *Program Performance*

OIG expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ Achieving 95 percent acceptance of OIG recommendations by Departmental and bureau managers and implementation of 72 percent of recommendations within 12 months of acceptance by Departmental and bureau managers.
- ☐ Increasing the amount of potential dollar savings identified from audit recommendations by \$8.0 million.
- ☐ Completing 75 percent of investigations within 12 months and increasing integrity/fraud awareness briefings to 50 per year.
- ☐ Increasing by 5 percent the number of customers indicating Investigations' products were timely, met their needs, and improved Treasury program activities.
- ☐ Heightening integrity awareness among Treasury employees leading to increased deterrent capabilities and continued referrals through the OIG Hotline.

## Treasury Inspector General for Tax Administration

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |         |
|--|--------------------|--------------------|--------------------|----------------------|---------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |         |
|  |                    |                    |                    | \$millions           | percent |
| Salaries and Expenses                        | - - -              | 108.4              | 112.2              | 3.8                  | 3.5%    |

*The Treasury Inspector General for Tax Administration was established in January 1999 as authorized by the Internal Revenue Service Restructuring and Reform Act of 1998 (IRSRA). FY 1999 is funded through authorized transfers from IRS (\$107.3M) and from the Office of the Inspector General (\$1.1M).*

### ***Explanation of FY 2000 Request***

The Treasury Inspector General for Tax Administration (TIGTA) budget meets the minimum basic requirements needed to continue the momentum begun in FY 1999 to develop and deploy the organizational structure for the newly created organization in order to fulfill Congressional mandates identified in the IRS Restructuring and Reform Act of 1998.

### ***Purpose of Program***

This appropriation is used to carry out the provisions of the Inspector General Act Amendments of 1988, the Chief Financial Officers Act of 1990, and the Government Management Reform Act of 1994, by conducting independent audits, investigations, and reviews to help the Internal Revenue Service accomplish its mission; improve its programs and operations; promote economy, efficiency, and effectiveness; and prevent and detect fraud, waste, and abuse, including abuse of taxpayer rights.

### ***Program Description and Benefits***

TIGTA's responsibilities funded by this appropriation include:

- ☐ **Promoting Economic, Efficient and Effective Program Administration:** The Treasury Inspector General for Tax Administration's audit and investigative capabilities help the Internal Revenue Service accomplish its mission by identifying ways its programs and operations can be improved and its activities can be conducted in a more economic, efficient, and effective manner;
- ☐ **Preventing and Detecting Fraud, Waste, and Abuse:** TIGTA's reviews and investigative services protect against attempts to corrupt or threaten the employees of the IRS, IRS Oversight Board, and the Chief Counsel of the IRS; and
- ☐ **Protecting Taxpayer Rights and Privacy:** TIGTA conducts audits of all facets of IRS operations, focusing on strengthening the internal control environment, improving customer service, and increasing compliance and productivity.

## **Treasury Inspector General for Tax Administration**

### ***Program Performance***

The TIGTA organization was established in January 1999. Once the organization is completed, a strategic plan, annual performance plan, and performance measures will be developed to meet GPRA requirements. TIGTA will then identify levels of performance in selected program areas the organization expects to achieve in FY 2000, subject to requested funding.

## Financial Crimes Enforcement Network

| <i>Program Summary (dollars in millions)</i>   |                    |                    |                    |                      |              |
|--|--------------------|--------------------|--------------------|----------------------|--------------|
| Appropriation Title                            | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |              |
|  |                    |                    |                    | \$millions           | percent      |
| Salaries and Expenses                          | 22.8               | 24.0               | 28.4               | 4.4                  | 18.3%        |
| TFF Reimbursement to S&E for Selected Programs | 2.3                | 2.5                | - - -              | -2.5                 | -100.0%      |
| Violent Crime Reduction Trust Fund             | 1.0                | 1.4                | 1.3                | -0.1                 | -7.1%        |
| <b>Bureau Program Level</b>                    | <b>26.1</b>        | <b>27.9</b>        | <b>29.7</b>        | <b>1.8</b>           | <b>6.5%</b>  |
| TFF Super Surplus Forfeiture Fund              | -2.3               | -2.5               | - - -              | 2.5                  | -100.0%      |
| <b>Net Appropriation Request</b>               | <b>23.8</b>        | <b>25.4</b>        | <b>29.7</b>        | <b>4.3</b>           | <b>16.9%</b> |

### *Explanation of FY 2000 Request*

The Financial Crimes Enforcement Network's (FinCEN) FY 2000 budget request provides the necessary resources to meet the growing demands for services from federal, state and local law enforcement partners, and the goals of the Administration's International Crime Control Strategy.

This request furthers the momentum of its mission to strengthen and support the government's ability to fight money laundering through:

- The annualization of initiatives previously funded externally to FinCEN's budget:
  - International Money Laundering Programs;
  - Gateway Program;
  - Secure Outreach Network; and
  - Bank Secrecy Act (BSA) Regulations for Money Services Businesses
- Workload increases to meet increasing customer demands
  - Law Enforcement Case Support;
  - Regulatory Civil Enforcement; and
  - Database enhancements to maximize Suspicious Activity Report Analysis (SARS)
- A program initiative to enhance the electronic filing of SARS.

### *Purpose of Program*

FinCEN sets, oversees, and implements policies to prevent and detect money laundering. It administers and enforces the BSA and is a central point for broad-based financial intelligence, analysis, and information sharing. This service is provided to Federal, State, local, and international law enforcement agencies to assist them in building investigations, preparing prosecutions, and developing and implementing strategies to combat money laundering.

## Financial Crimes Enforcement Network

As its name states, FinCEN is a network -- a link between law enforcement, financial and regulatory communities on the international, Federal, State and local level. Because the changing financial world creates vast opportunities for criminals to hide illicit proceeds, FinCEN works with its domestic and international partners to maximize the information sharing network and find new ways to create cost-effective and efficient measures to prevent and detect financial crime.

### *Program Description and Benefits*

FinCEN's responsibilities funded by this appropriation include:

- ☐ Providing a link between the law enforcement, the financial, and regulatory communities to combat money laundering;
- ☐ Encouraging and assisting international efforts to build effective counter-money laundering policies and cooperation around the world;
- ☐ Administering the Bank Secrecy Act; and
- ☐ Improving the understanding and application of state-of-the-art technologies on counter-money laundering efforts.

### *Program Performance*

FinCEN expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ Increase the number of valuable queries using FinCEN's Gateway Platform by 2000.
- ☐ Reduce the reporting burden by banks resulting from eliminating or reformulating of unnecessarily burdensome information collection rules and compliance requirements by 5.8-6.5 percent .
- ☐ Increase the number of law enforcement and regulatory personnel provided to a platform to do research by 10.
- ☐ Increase the number of analytical projects that focus on money laundering and financial crime related issues.
- ☐ Increase the number of investigative information exchanges coordinated with Foreign FIUs.



## Federal Law Enforcement Training Center

| <i>Program Summary (dollars in millions)</i>   |                    |                    |                    |                      |              |
|--|--------------------|--------------------|--------------------|----------------------|--------------|
| Appropriation Title                            | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |              |
|  |                    |                    |                    | \$millions           | percent      |
| Salaries and Expenses (S&E)                    | 64.7               | 71.9               | 86.8               | 14.9                 | 20.7%        |
| TFF Reimbursement to S&E for Selected Programs |                    | 0.9                | 5.5                | 4.6                  | 511.1%       |
| Violent Crime Reduction Trust Fund             | 1.0                | ---                | ---                | 0.0                  | n/a          |
| CounterTerrorism Emergency Supplemental        | ---                | 3.5                | ---                | -3.5                 | -100.0%      |
| Acquisition, Construction, Improvements        | 32.5               | 34.8               | 21.0               | -13.8                | -39.7%       |
| <b>Bureau Program Level</b>                    | <b>98.2</b>        | <b>111.1</b>       | <b>113.3</b>       | <b>2.2</b>           | <b>2.0%</b>  |
| TFF Super Surplus Fund                         | ---                | -0.9               | -5.5               | -4.6                 | 511.1%       |
| <b>Net Appropriation Request</b>               | <b>98.2</b>        | <b>110.2</b>       | <b>107.8</b>       | <b>-2.4</b>          | <b>-2.2%</b> |

### *Explanation of FY 2000 Request*

The Federal Law Enforcement Training Center (FLETC) request builds on prior year initiatives in the following areas: 1) continuing implementation of the Master Plan to ensure that demands for training can be met; 2) FTE to implement Master Plan projects; 3) improving counter-terrorism training; 4) providing resources for a cost accounting system, scheduling automation and audited financial statements.

Of specific interest is funding for the first of a five-year build up for a classroom building and expansion of a chilled water system. In the short term, these projects will alleviate, but not completely end the requirement for an additional facility at Charleston, SC, for the Immigration and Naturalization Service's (INS) Border Patrol training needs. In the long term, FLETC is looking toward providing facilities for all basic and advanced training.

The necessary increases are provided to cover the costs of inflation for current operations and personnel levels.

### *Purpose of Program*

FLETC conducts the training for the vast majority of the Federal Government's law enforcement personnel. It represents a partnership of federal law enforcement agencies working together to ensure the highest quality training for law enforcement professionals in the most cost effective manner.

### *Program Description and Benefits*

FLETC's responsibilities funded by this appropriation include:

- ☐ **Provide high quality training for law enforcement:** FLETC has a permanent faculty of training instructors, experienced in the diverse responsibilities of federal law enforcement, as well as detailees from the agencies which FLETC trains. This strength manifests itself not only in quality classroom instruction, but also in a powerful program development potential that is possible only because of the unique synergism that a consolidated staff generates.

## Federal Law Enforcement Training Center

- ❑ **Develop operate, and maintain state-of-the-art facilities and system responsive to interagency training:** This is one of the original objectives of the consolidated training concept and a goal which continues to be vigorously pursued. State-of-the art training facilities are expensive to develop and maintain. By themselves, none of the FLETC participating agencies could justify or afford the sophisticated facilities that now exist and are used by the 71 agencies. Joint, consolidated training results in cost avoidance and produces significant savings in many goods and services.
- ❑ **Effectively organize develop, and lead the FLETC's personnel in support of the Center's mission:** FLETC is working to ensure that its organization structure enhances training delivery, increases efforts toward achieving racial and cultural diversity, implements human resource and diversity plans, improves training support process and achieves effective communication at all levels.
- ❑ **Strengthen partnerships among participating agencies and the FLETC:** FLETC partners with the 71 participating agencies to conduct law enforcement research and development, track evolving trends and challenges to law enforcement, identify and devalue emerging technologies for training law enforcement and access resources and expertise in law enforcement training and law enforcement specialties.

### *Program Performance*

FLETC expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ❑ **Student Quality of Training Survey:** Achieve an 80 percent rating on the Student Quality of Training Survey (basic and advanced training).
- ❑ **Student Quality of Services Survey:** Achieve an 80 percent rating on the Student Quality of Services Survey.
- ❑ **Student-Weeks Trained:** Conduct 100 percent of the actual basic training requested.
- ❑ **Variable Unit Cost Per Basic Student-Week of Training:** Achieve variable unit cost per student-week of training of \$149.
- ❑ **Initiative a Comprehensive Development Plan:** Implement a comprehensive development plan that ensures FLETC develops, operates, and maintains facilities and systems responsive to interagency training needs now and in the future by FY 2000.
- ❑ **Personnel Forums:** Conduct four personnel input forums. These forums will ensure that lines of communications are kept open and that topics of concern to the employees are discussed.

## Financial Management Service

| <i>Program Summary (dollars in millions)</i>      |                    |                    |                    |                      |         |
|---|--------------------|--------------------|--------------------|----------------------|---------|
| Appropriation Title                               | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |         |
|   |                    |                    |                    | \$millions           | percent |
| Salaries and Expenses                             | 202.5              | 196.5              | 202.7              | 6.2                  | 3.2%    |
| <i>Y2K Emergency Reserve (not included above)</i> | - - -              | 6.0                | - - -              | -6.0                 | -100.0% |

### *Explanation of FY 2000 Request*

The Financial Management Service budget continues the momentum to reapply resources made available through productivity savings and completing portions of prior initiatives to accomplish mission critical work while remaining within budgetary targets. Financial resources available in the areas of electronic payments and financial systems, direct contract costs for various program areas, and increasing reimbursable FTE funded activities related to expanding the Debt Management Program, will be used to offset absorption of non-labor mandatory cost increases, field office restructuring, central accounting operations improvements, and physical and information systems security.

### *Purpose of Program*

FMS' activities encompass all work performed to improve the quality of government financial management and include implementing payment policy and procedures for the Federal Government, issuing and distributing payments, promoting the use of electronic methods in the payment process, assisting agencies in converting payments from paper checks to electronic funds transfer (EFT), and centrally managing and collecting delinquent debts owed to the Federal Government.

### *Program Description and Benefits*

FMS's responsibilities funded by this appropriation include:

- ☐ **Improve the quality and ensure the integrity of Federal financial management** through increased emphasis on modification and modernization of the central accounting system and automated financial systems to provide the necessary technical infrastructure to collect and disseminate government-wide financial data. This includes strengthening government-wide accounting operations, preparing the Government's consolidated financial statements, and providing increased guidance, direction, and leadership to program agencies in government-wide accounting issues.
- ☐ **Improving debt collection results by managing a consolidated debt management function that concentrates all federal delinquent debt collection efforts** through FMS' full implementation of debt management services operations including the Treasury Offset Program. The incorporation of all types of payment streams into the administrative offset program enables more efficient and effective collection of debts owed to the federal government.
- ☐ **Ensuring world-class delivery of all Federal Government payments and associated information to their ultimate destination** through increased network support of FMS' business functions in an electronic environment. Expansion of electronic payments through the use of Electronic Funds Transfer (EFT) for payments of direct

## Financial Management Service

Federal benefits and salaries will help decrease the number of paper checks issued and minimize costs associated with postage, lost, stolen, or misplaced checks, and inefficiencies associated with delivery of benefits. FMS will continue its major focus on the implementation of EFT products, including Electronic Transfer Accounts (ETA).

- ☐ **Ensuring the Federal Government's cash management environment minimizes risk and provides immediate flow and balance information at a lower cost** through increased network support of FMS' business functions in an electronic environment, allowing for easy expansion to accommodate new Federal Program Agencies or changes for existing agencies and eliminating the need for multiple interfaces to automated systems, and allowing for all processing to be consolidated in three Regional Operational Centers.

### *Program Performance*

FMS expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ Process 97 percent of agency reports for the Consolidated Financial Statement within the established standard range.
- ☐ Increase collection of the debts referred to Treasury by \$93.1 million over FY 1998.
- ☐ Achieve a 75 percent rate in the percentage of transmissions of value (payments) and associated information made electronically.
- ☐ Maintain percentage of check payments released on time at 99.9993 percent.
- ☐ Maintain electronic non-debt collections as a percentage of total non-debt collections at 75 percent.
- ☐ Increase to 20 the number of states in which direct Federal Electronic Benefits Transfer (EBT) will be retrofitted.

## Bureau of Alcohol, Tobacco and Firearms

| <i>Program Summary (dollars in millions)</i>      |                    |                    |                    |                      |              |
|---|--------------------|--------------------|--------------------|----------------------|--------------|
| Appropriation Title                               | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |              |
|   |                    |                    |                    | \$millions           | %            |
| Salaries and Expenses (S&E)                       | 478.9              | 541.6              | 584.9              | 43.3                 | 8.0%         |
| TFF Reimbursement to S&E for Selected Projects    | 19.0               | 14.2               | 20.9               | 6.7                  | 47.2%        |
| Violent Crime Reduction Trust Fund                | 29.4               | 16.0               | 13.0               | -3.0                 | -18.8%       |
| Laboratory & Headquarters                         | 55.0               | - - -              | 15.0               | 15.0                 | n/a          |
| <b>Bureau Program Level</b>                       | <b>582.3</b>       | <b>571.8</b>       | <b>633.8</b>       | <b>62.0</b>          | <b>10.8%</b> |
| TFF Super Surplus Fund                            | -19.0              | -14.2              | -20.9              | -6.7                 | 47.2%        |
| <b>Net Appropriation Level</b>                    | <b>563.3</b>       | <b>557.6</b>       | <b>612.9</b>       | <b>55.3</b>          | <b>9.9%</b>  |
| <i>Y2K Emergency Reserve (not included above)</i> | - - -              | 7.7                | - - -              | -7.7                 | -100.0%      |

### *Explanation of FY 2000 Request*

The Bureau of Alcohol, Tobacco and Firearms (ATF) budget focuses on major, on-going priorities.

- ☐ Ensuring the security of ATF personnel through the relocation of the ATF Headquarters
- ☐ Reducing illegal sale of firearms and the use of guns by juveniles through: 1) firearms prohibited person referrals from the FBI under the Brady Law, 2) the Youth Crime Gun Interdiction Initiative, 3) Project Exile, and 4) secondary gun markets.
- ☐ Reducing youth crime through community outreach via the GREAT Program.
- ☐ Ensuring collection of revenues with tobacco compliance support to collect additional excise taxes mandated by Congress, and to implement a permit system for importers of tobacco products.
- ☐ Providing personnel systems support.

All these proposals assume adjustment of resources for expected increases due to inflation.

### *Purpose of Program*

ATF plays an important role in the Federal Government's efforts to reduce violent crime, collect revenue and protect the public. ATF enforces the federal laws and regulations pertaining to alcohol, tobacco, firearms, explosives and arson, often in cooperation with other law enforcement institutions.

### *Program Description and Benefits*

ATF's responsibilities funded by this appropriation include:

- ☐ **Violent Crime Reduction:** *Deny criminals access to firearms:* ATF identifies and deters the sources of and participation in illegal firearms trafficking; *Safeguard the public from bombings and arson:*

## Bureau of Alcohol, Tobacco and Firearms

ATF identifies and pursues the criminal misuse of explosives materials and fire; and *Target violent offenders*: ATF investigates, arrests, and recommends for prosecution those criminals who violate firearms and explosives laws in their criminal activity.

- ☐ **Revenue Collection:** *Collect revenue due*: ATF ensures that all eligible revenues are collected under Federal laws administered by ATF; and *Manage and process revenue*: ATF is developing systems and processes to ensure that revenues are received and paid out and are effectively and timely managed.
- ☐ **Protection of the Public:** *Conduct community outreach*: ATF encourages and participates in the prevention of violence; and provides training and prevention strategies through community, law enforcement, and industry partnerships; *Provide consumer protection*: ATF ensures that commodities meet safety and product identity standards; and *Contribute to public safety*: ATF keeps ineligible or prohibited persons out of the regulated industry and properly accounts for firearms and explosives.

### Program Performance

ATF expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ **Reduce Violent Crime:**
  - S Avoid \$1 billion in crime-related costs through imprisonment of violent criminals;
  - S Accomplish 285,000 firearms traces and achieve an average trace response time of 10 working days;
  - S Train/develop 52,000 non-ATF law enforcement personnel; and
  - S Avoid 450,000 crimes.
- ☐ **Collect Revenue**
  - S Collect \$12.7 billion in taxes and fees from the alcohol, tobacco, firearms and explosives industries; and
  - S Reduce the number of private industry burden hours by 250,000 through reduction of time required to comply with ATF regulations, including the preparation of forms, and through reducing the number of existing regulations and forms.
- ☐ **Protect the Public**
  - S Respond to 990 discovered unsafe conditions and product deficiencies related to explosives found unsafe through inspections and alcohol products found unsafe through a market sampling program; and
  - S Hold 125 seminars by commodity (alcohol, firearms and explosives).

## Bureau of Engraving and Printing

| <i>Program Summary (dollars in millions)</i> |                       |                       |                     |                      |         |
|--|-----------------------|-----------------------|---------------------|----------------------|---------|
| Revolving Fund                               | FY 1998<br>Authorized | FY 1999<br>Authorized | FY 2000<br>Estimate | Increase or Decrease |         |
|  |                       |                       |                     | \$millions           | percent |
| Revenue                                      | 437                   | 549                   | 518                 | -30.5                | -5.6%   |

### *Explanation of FY 2000 Request*

The Bureau of Engraving and Printing (BEP) budget maintains the Bureau's capability to produce and deliver United States currency, postage stamps, and other government securities, and provides the resources to enable a coordinated program of updated technology, workforce development, and improved streamlined work processes.

### *Purpose of Program*

BEP operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321 (a)(4) to engrave and print currency and security documents. The operations of the Bureau are financed by means of a revolving fund. The Bureau is reimbursed by other government agencies for the direct and indirect costs, including its administrative expenses, and acquisition of capital equipment and working capital. This precludes requests for appropriations.

### *Program Description and Benefits*

BEP's responsibilities funded by this appropriation include:

- ☐ **Improve the efficiency of production operations and maintain the integrity of U.S. currency by:** Designing, engraving, printing, processing, and delivery of U.S. currency, postage stamps, and other security documents issued by the government; printing revenue stamps for various territories administered by the United States; accounting for and destroying security waste products; manufacturing plates and inks used for its products, purchasing materials, supplies, and equipment; and providing maintenance services for its buildings, plants, machinery and equipment; and conducting research and development programs for: improving the quality of products, reducing manufacturing costs, and strengthening deterrents to counterfeiting of government securities.

### *Program Performance*

BEP expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ Production of 9.0 billion currency notes ensures sufficient inventory and enables the current demand for currency to be met.
- ☐ Production of 15.0 billion postage stamps ensures the demand for postage stamps to be met.
- ☐ Produce consistently high quality counterfeit deterrent notes by measuring the number of notes per million that are returned by the Federal Reserve because of counterfeit defects.
- ☐ Reducing the notes and stamps (per million) returned by the Federal Reserve and the U.S. Postal

## **Bureau of Engraving and Printing**

Service due to manufacturing defects.

- ☐ Maintaining an accurate and cost effective system of accountability for Bureau products, to ensure that products are accounted for during production and that customers receive the correct quantities of product by measuring shipment discrepancies for currency and postage stamps.
- ☐ An unqualified audit opinion on annual financial statements ensures proper stewardship and accountability of resources and ensures program integrity.



## United States Mint Public Enterprise Fund

| <i>Program Summary (dollars in millions)</i> |                       |                       |                      |                      |         |
|--|-----------------------|-----------------------|----------------------|----------------------|---------|
| Revolving Fund                               | FY 1998<br>Authorized | FY 1999<br>Authorized | FY 2000<br>Estimated | Increase or Decrease |         |
|  |                       |                       |                      | \$millions           | percent |
| Revenue                                      | 1,063                 | 1,063                 | 1,115                | 52.0                 | 4.9%    |

### *Explanation of FY 2000 Request*

The U.S. Mint budget further increases its capacity to manufacture and deliver circulating coinage, numismatic and investment products, and provides for the protection of Mint facilities.

The budget estimate also funds the continuation of planned replacement and improvement of worn and obsolete manufacturing equipment, manufacturing automation, telecommunications modernization, implementation of updated technology, and repairs to Mint facilities.

The U.S. Mint's FY 2000 circulating and numismatic production will include the second year of its ten year 50 States Commemorative Coin Program and the first year of the new dollar coin.

### *Purpose of Program*

The U. S. Mint manufactures and delivers domestic circulating coinage and numismatic and bullion products, and provides security over assets, including the government's stock of gold and silver bullion, coins, and coinage metals. These activities are financed by the Mint Public Enterprise Fund, a revolving fund. This precludes requests for appropriations.

### *Program Description and Benefits*

The responsibilities of the United States Mint Public Enterprise Fund include:

- ☐ Manufacture and distribution of circulating coinage to meet the Federal Reserve demand;
- ☐ Manufacture, marketing, and distribution of numismatic and bullion coins, medals, and other products for sale to collectors and the general public; and
- ☐ Protection of Mint facilities including the government's stock of gold and silver bullion, coins, and coinage metals at Mint locations.

### *Program Performance*

The Mint expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ Maintain sufficient circulating coin inventories one hundred percent of the time to ensure adequate distribution into the Nation's economy and enable rapid response to unforeseen demand due to changes in economic conditions.
- ☐ Minimize production cost and reduce the average total cost of circulating coinage by 15 percent

## **United States Mint Public Enterprise Fund**

(including metal costs) by the Year 2002.

- ☐ Ship 98 percent of numismatic product orders within the Mint's published turnaround time standards.
- ☐ Pursue new customers, new market channels, and new product lines to increase the profitability of numismatic/bullion operations.
- ☐ Protect facilities and maintain security commensurate with changing threats and protect Mint human and physical resources and the assets of the United States.

## United States Customs Service

| <i>Program Summary (dollars in millions)</i>      |                    |                   |                    |                      |              |
|---|--------------------|-------------------|--------------------|----------------------|--------------|
| Appropriation Title                               | FY 1998<br>Enacted | FY1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |              |
|   |                    |                   |                    | \$millions           | percent      |
| Salaries and Expenses (S&E)                       | 1,524.1            | 1,642.6           | 1,720.4            | 77.8                 | 4.7%         |
| TFF reimbursement to S&E for selected projects    | 10.5               | 9.5               | 35.0               | 25.5                 | 268.4%       |
| Violent Crime Reduction Trust Fund                | 60.6               | 65.5              | 65.0               | -0.5                 | -0.8%        |
| Counter Terrorism Emergency Supplemental          | - - -              | 276.0             | - - -              | -276.0               | -100.0%      |
| Air/Marine Operation and Maintenance              | 92.8               | 113.7             | 109.4              | -4.3                 | -3.8%        |
| Harbor Maintenance Fee Collections                | 3.0                | 3.0               | 0.0                | -3.0                 | -100.0%      |
| <b>Bureau Program Level</b>                       | <b>1,691.0</b>     | <b>2,110.3</b>    | <b>1,929.8</b>     | <b>-180.5</b>        | <b>-8.6%</b> |
| TFF Super Surplus Fund                            | -10.5              | -9.5              | -35.0              | -25.5                | 268.4%       |
| User Fee on Cargo Processing                      | - - -              | - - -             | -312.4             | n/a                  | n/a          |
| <b>Net Appropriation Request</b>                  | <b>1,680.5</b>     | <b>2,100.8</b>    | <b>1,582.4</b>     | <b>-206.0</b>        | <b>-9.8%</b> |
| <i>Y2K Emergency Reserve (not included above)</i> | <i>- - -</i>       | <i>10.2</i>       | <i>- - -</i>       | <i>n/a</i>           | <i>n/a</i>   |

*Total excludes: Services at Small Airports, which is now appropriated as permanent and indefinite.*

### ***Explanation of FY 2000 Request***

The U.S. Customs budget request maintains the momentum of several efforts:

- ☐ **Protecting Our Borders from the Illegal Entry of Narcotics and Other Contraband:**
  - Halt the flow of illegal narcotics coming through our borders, with emphasis on: 1) increasing the use of field-tested non-intrusive inspection technologies; and 2) adding to the strategic placement of anti-smuggling personnel; and
  - Augmenting money laundering enforcement, principally in outbound currency interdiction;
- ☐ **Ensure the Highest Level of Employee Integrity and Professionalism**
  - Create a centralized training function to establish developmental tracks and coordinate training across all levels of Customs personnel;
  - Develop and reinforce supervisory and managerial skills with in-service and university level programs; and
  - Integrity assurance for Customs personnel through improvements in training and interagency task forces.

### ***Purpose of Program***

These accounts fund U.S. Customs operations at land, sea, and air ports of entry, as well as at other locations around the country related to Customs' mission. Customs is charged with ensuring that all goods entering and exiting the United States do so in accordance with all United States laws and regulations.

### ***Program Description and Benefits***

Customs' responsibilities funded by this appropriation include:

- ☐ **Protecting the American Public:** Customs' inspection, examination, and investigative capabilities are responsible for discovery or seizure/interdiction of over two-thirds of all illegal narcotics encountered by federal

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## United States Customs Service

agencies. Customs' capabilities and jurisdiction also control the threat of hazardous products and dangerous substances to the environment and the public's health.

- ☐ **Protecting Fair Trade and American Competitiveness:** Customs' import/export examination capabilities ensure that foreign products introduced into the American economy conform to all tariff and trade provisions of U.S. law and international agreements.
- ☐ **Facilitating a Robust International Trade:** Customs' move to greater sophistication in the targeting of suspicious arriving goods and passengers allows expedited clearance of the vast majority of lawful commerce within prescribed U.S. laws and international agreements. Customs' partnerships with industry allow rapid clearance of legitimate commerce without diminishing enforcement vigilance.
- ☐ **Contributing to a Balanced Budget:** In FY 1998 Customs collected over \$22 billion in duties, taxes, fines and penalties on non-compliant entries, and fees that are deposited in the Treasury general fund, as well as over \$1 billion in user fees related to the cost of its operations.
- ☐ **Providing Key Support to Coordinated Federal Law Enforcement, and Contributing to National Security:** Besides its principal role in federal drug control policy, Customs' investigative capabilities are key in enforcing money laundering laws, by concentrating on the outbound movement of cash and negotiable instruments. Customs also protects against the export of material and technology which threaten U.S. national and economic security.

### *Program Performance*

Customs expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ An overall 86 percent compliance level with the Harmonized Tariff Schedules of the United States.
- ☐ Over a 99 percent revenue collection compliance rate.
- ☐ Between a 97 percent and 99 percent one day release time for all cargo not subjected to examination.
- ☐ Nearly a 99 percent passenger compliance rate.
- ☐ A five minute or less processing rate for 95 percent of arriving air passengers.
- ☐ Seizure of 160 thousand pounds of cocaine, 810 thousand pounds of marijuana, and 3 thousand pounds of heroin, within a total of nearly 18,000 seizures.
- ☐ Seizure of \$280 million in currency, bank accounts and other financial instruments, and \$38 million in real property, involved in money laundering and contraband transactions.

## Bureau of Public Debt

| <i>Program Summary (dollars in millions)</i>      |                    |                    |                    |                      |             |
|---|--------------------|--------------------|--------------------|----------------------|-------------|
| Appropriation Title                               | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |             |
|   |                    |                    |                    | \$millions           | percent     |
| Administering the Public Debt                     | 173.8              | 176.5              | 182.2              | 5.7                  | 3.2%        |
| Offsetting Maintenance Fees                       | -4.4               | -4.4               | -4.4               | 0.0                  | 0.0%        |
| <b>Bureau Program Level</b>                       | <b>169.4</b>       | <b>172.1</b>       | <b>177.8</b>       | <b>5.7</b>           | <b>3.3%</b> |
| <i>Y2K Emergency Reserve (not included above)</i> | - - -              | 1.0                | - - -              | -1.0                 | -100.0%     |

### *Explanation of FY 2000 Request*

The Bureau of the Public Debt (BPD) budget request maintains a program level consistent with the current level of efforts necessary to borrow the money needed to operate the Federal Government and to account for the resulting public debt. The budget request reflects a modest increase for mandatory pay costs and funds an ADP Infrastructure upgrade initiative.

### *Purpose of Program*

This appropriation is used to administer the laws and regulations pertaining to: public debt financing, accounting for the public debt and related interest costs, and the issuance, servicing, and retirement of public debt securities.

### *Program Description and Benefits*

BPD's responsibilities funded by this appropriation include:

- ☐ **Economic Policy - Savings Securities:** Issuing, servicing, and retiring of savings securities (Series HH/H, Series EE, and the new I-bond), as well as, marketing activities designed to increase the sale and retention of savings bonds of which Series EE Savings Bonds constitute the major workload; providing comprehensive information about savings securities on Public Debt's Internet website; and protecting investors by promptly replacing lost, stolen, or destroyed bonds;
- ☐ **Economic Policy - Marketable Securities:** Implementing regulations governing the primary issuance of Treasury securities and secondary market transactions involving government securities; protecting the investor by adjudicating claims on lost, stolen, or destroyed securities;
- ☐ **Fiscal and Financial Policy:** Issuing and servicing of marketable and special purpose securities which make up 97 percent of the outstanding public debt; conducting transactions on outstanding securities including exchanges, transfers, and redemptions; receiving, auditing, recording, storing, and destroying redeemed securities and interest coupons;
- ☐ **Financial Policy - Accurate and Timely Information:** Establishing and maintaining accurate records of the sale and redemption of savings bonds; managing, issuing and accounting for investments on behalf of more than 200 Government agencies and Federal Trust Funds; conducting auctions, and announcing auction results in a timely manner and recording and reporting accurate financial data concerning the public debt; and

## Bureau of Public Debt

- ❑ **Management Policy - Customer Service:** Providing quality customer service and convenience to the investor by making savings securities available through a nationwide network of financial institution issuing and paying agents; and by issuing marketable securities directly and through the Federal Reserve Banks; and by enabling investors to request information and complete financial transactions using emerging electronic technologies.

### *Program Performance*

BPD expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ❑ *Providing quality service to purchasers of savings bonds by:*
  - S issuing 95 percent of over-the-counter savings bonds in three weeks; and
  - S completing 90 percent of customer service transactions in four weeks.
- ❑ *Meeting the borrowing needs of the Federal Government by:*
  - S conducting 100 percent of marketable securities auctions without error; and
  - S announcing auction results within one hour 95 percent of the time.
- ❑ Providing quality service to investors in Treasury marketable securities by:
  - S completing 90 percent of *TreasuryDirect* customer service transactions within three weeks;
  - S making *TreasuryDirect* interest and redemption payments timely and accurately;
  - S making 100 percent of Commercial Book Entry interest and redemption payments accurately and timely; and
  - S processing Government Securities Investment Program transactions timely and accurately.

## Internal Revenue Service

| <i>Program Summary (dollars in millions)</i>      |                    |                    |                    |                      |             |
|---|--------------------|--------------------|--------------------|----------------------|-------------|
| Appropriation Title                               | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |             |
|   |                    |                    |                    | \$millions           | percent     |
| Processing, Assistance & Management               | 2,945.7            | 2,984.8            | 3,312.5            | 327.7                | 11.0%       |
| Tax Law Enforcement                               | 3,102.8            | 3,164.2            | 3,336.8            | 172.6                | 5.5%        |
| Information Systems                               | 1,292.4            | 1,259.5            | 1,455.4            | 195.9                | 15.6%       |
| Information Technology Investment                 | 295.0              | 211.0              | - - -              | -211.0               | -100.0%     |
| TFF Reimbursement to Tax Law Enforcement          | 4.7                | 2.0                | 1.0                | -1.0                 | -50.0%      |
| <b>Bureau Program Level</b>                       | <b>7,640.6</b>     | <b>7,621.5</b>     | <b>8,105.7</b>     | <b>484.2</b>         | <b>6.4%</b> |
| TFF Super Surplus Fund                            | -4.7               | -2.0               | -1.0               | 1.0                  | -50.0%      |
| <b>Net Appropriation Level</b>                    | <b>7,635.9</b>     | <b>7,619.5</b>     | <b>8,104.7</b>     | <b>485.2</b>         | <b>6.4%</b> |
| <i>Y2K Emergency Reserve (not included above)</i> | - - -              | 483.3              | - - -              | -483.3               | -100.0%     |

*FY 1999 enacted at \$7,726.9 is reduced by \$107.3M transferred to newly established Treasury Inspector General for Tax Administration as directed by the Internal Revenue Service Restructuring and Reform Act of 1998 (IRSRA).*

### ***Explanation of FY 2000 Request***

The Internal Revenue Service (IRS) budget request for FY 2000 introduces the plans, time line, and funding request for the Commissioner's new Modernization Concept. As such it reflects the new commitment to serving taxpayers better and the need to implement the recently enacted IRS Restructuring and Reform Act of 1998 (RRA98). The IRS will undergo major changes in the next few years in modernizing how it does business with the American taxpayers. To do so successfully, IRS must stabilize its workforce which requires sufficient funding in FY 2000.

For the first time, the IRS, in presenting its budget, is differentiating between funding for day-to-day operations and maintenance and funding for new investments in the new organization structure and technology. The request provides for current services and the additional funding to meet these extraordinary challenges.

### **Year 2000:**

A primary challenge, and one that must be met before any other, is ensuring that IRS systems are Year 2000 compliant as IRS undertakes to implement the many provisions of RRA98, reorganize the IRS to better serve taxpayers, and modernize business-processes and systems.

- ☐ **Year 2000:** The IRS' number one priority is to provide that systems will meet Year 2000 Date Change requirements. IRS will require \$250 million for this continuing effort in FY 2000 to provide adequate testing, upgrade equipment, and complete data center consolidation. Anything less than full funding will jeopardize the functioning of the existing systems. In FY 1999 these requirements were funded through the Y2K Emergency Fund.

### **Reform and Restructuring:**

- **OPERATIONS AND MAINTENANCE:**

- ☐ **Current Services:** The request maintains current service levels to fund inflation in FY 2000 to allow

## Internal Revenue Service

IRS to stabilize its workforce. Included also is a base realignment that results in a reduction of 140 FTE to fund additional services to taxpayers.

- ❑ **Customer Service Training:** A continuing focus for FY 2000 will be improving customer service. The IRS is requesting \$17 million to improve the skills of the IRS customer service personnel to meet industry standards.
- ❑ **Restructuring and Reform Act of 1998:** The IRS is requesting \$40 million to implement the many provisions of the IRS Restructuring and Reform Act of FY 1998, especially those relating to taxpayer rights. Included is \$27 million for taxpayer protection and rights and \$13 million for Electronic Tax Administration.

- **INVESTMENTS:**

- ❑ **Organizational Modernization:** IRS is required by RRA98 to replace its current structure (national, regional, and district offices) with an organization based on units serving particular groups of taxpayers. This is in line with Commissioner Rossotti's "Concept for Modernizing the IRS". The Service is requesting \$140 million to implement this dramatic change which will downsize or eliminate some job categories and relocate the work of many others. Most of the funding is required for buyouts, voluntary outplacement, moving expenses, and retraining.
- ❑ **Technology Account:** No additional funding is requested for the Information Technology Investments Account in FY 2000. The IRS started FY 1999 with approximately \$506 million available for expenditure on the PRIME Systems Integration Contract through FY 2000. [The Administration is requesting *advance funding* of \$325 million for modernization in FY 2001]

### Reductions and Non-Recurs:

- ❑ **Program Reduction:** A program reduction is included to cover \$51 million in non-labor inflation not included in the base.
- ❑ **Non-Recur:** A non-recur of \$211 million is proposed for the one-time funding in FY 1999 of the Information Technology Investment Account.

### *Purpose of Program*

This program funds IRS operations nationwide in service centers, district offices, and telephone call sites. Under the Modernization Concept, IRS operations will be carried out by the operating divisions. The IRS is charged with receiving Federal tax payments and is committed to doing this by providing top quality service and helping people comply with tax laws and ensuring fairness of compliance.



## Internal Revenue Service

### *Program Description and Benefits*

The Internal Revenue Service's responsibilities include helping taxpayers file returns and meet their tax obligations by serving taxpayers better through service to each taxpayer, service to all taxpayers, and productivity through a quality work environment. These activities are funded through several appropriations and include:

- ☐ Receiving and processing tax and information returns;
- ☐ Maintaining tax records for all U.S. corporate and individual taxpayers;
- ☐ Issuing refunds for taxpayers owed them;
- ☐ Protecting taxpayer's privacy and rights under the Taxpayer Bill of Rights;
- ☐ Helping taxpayers comply through education and assistance; and
- ☐ Determining the correct amount of taxes owed.

### *Program Performance*

IRS has developed a new set of program performance measures that will reflect the new direction and goals of the Service. These new balanced measures will focus on Customer Satisfaction, Employee Satisfaction, and Business Results. In FY 1999, the IRS will begin to use the balanced measurement system with measures of customer and employee satisfaction. Activities performed under this appropriation are core governmental functions which must continue on a day-to-day basis. FY 1998 program performance includes:

- ☐ **Administration of the U.S. Tax Code:** IRS administers the Internal Revenue Code - the basis of U.S. taxation. In doing so, IRS manages to:
  - process over 1.4 billion tax and information returns;
  - issue almost 88 million refunds; and
  - answer over 113 million taxpayer telephone calls for assistance.
- ☐ **Assisting Americans:** Through the Earned Income Tax Credit, some 19.6 million working Americans were able to receive \$29.6 billion in benefits both during the year and upon filing their tax year 1997 income tax return.
- ☐ **Balancing the Budget:** In FY 1998, IRS collected \$1.6 trillion in Federal taxes -- 95 percent of all Federal revenues.

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## United States Secret Service

| <i>Program Summary (dollars in millions)</i>      |                    |                    |                    |                      |              |
|---|--------------------|--------------------|--------------------|----------------------|--------------|
| Appropriation Title                               | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |              |
|   |                    |                    |                    | \$millions           | percent      |
| Salaries and Expenses                             | 565.0              | 600.3              | 661.3              | 61.0                 | 10.2%        |
| TFF Reimbursement to S&E for Selected Projects    | 12.2               | 13.8               | 76.5               | 62.7                 | 454.3%       |
| Violent Crime Reduction Trust Fund                | 15.7               | 22.6               | 3.2                | -19.4                | -85.9%       |
| CounterTerrorism Emergency Supplemental           | - - -              | 80.8               | - - -              | -80.8                | -100.0%      |
| Acq., Constr., Impr., and Related Expenses        | 8.8                | 8.1                | 4.9                | -3.1                 | -39.0%       |
| <b>Bureau Program Level</b>                       | <b>601.7</b>       | <b>725.6</b>       | <b>745.9</b>       | <b>20.3</b>          | <b>2.8%</b>  |
| TFF Super Surplus Fund                            | -12.2              | -13.8              | -76.5              | -62.7                | 454.3%       |
| <b>Net Appropriation Level</b>                    | <b>589.5</b>       | <b>711.8</b>       | <b>669.4</b>       | <b>-42.4</b>         | <b>-6.0%</b> |
| <i>Y2K Emergency Reserve (not included above)</i> | - - -              | 3.0                | - - -              | -3.0                 | -100.0%      |

### *Explanation of FY 2000 Request*

The Secret Service budget includes the necessary resources to maintain the highest level of physical protection possible, and protect the integrity of the nation's financial systems. In FY 2000, these primary strategies are highlighted by the following efforts:

- Provide protection for major presidential and vice-presidential candidates during the 2000 Presidential campaign;
- Counter the threat posed by chemical and biological agents and other hazardous material;
- Increase staffing to address protection workload increases;
- Maintain and upgrade technical security systems at the White House Complex;
- Provide for increased rent requirements, operational contracts, and maintenance at the new USSS Headquarters building; and
- Continue base funding for vehicle replacement, Treasury Communications System, PC replacement, and the Treasury Standard Financial System.

### *Purpose of Program*

These accounts fund the Secret Service protective operations for the security of the President, the Vice President, and other dignitaries and designated individuals; enforcement of laws relating to obligations and securities of the United States, and to financial crimes such as financial institution fraud and other fraud; and uniformed protection of the White House and other buildings within Washington, D.C. as mandated by 18 U.S.C. 3056 and 3 U.S.C. 202.

## United States Secret Service

### *Program Description and Benefits*

The Secret Service's responsibilities funded by these appropriations include:

- ☐ Sustaining a secure physical environment for permanent protectees and visiting foreign heads-of-state/government; and
- ☐ Suppressing counterfeiting and financial crimes against the obligations and securities of the United States.

### *Program Performance*

Secret Service expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ **Protection in a Constantly Changing World:** The USSS provides the highest level of coverage possible for persons authorized Secret Service protection. The Secret Service is internationally recognized for its expertise in accomplishing this mission. Specific benefits include:
  - maximum physical protection for protectees of the Secret Service, whether they are in residence or travel status;
  - protective intelligence supporting risk assessment and the determination of protective requirements; and
  - a secure environment at the White House/Treasury complex, foreign missions, and other Secret Service controlled sites.
- ☐ **Financial Crimes Investigation:** The Secret Service plays a leading role in maintaining public trust and confidence in the Nation's financial systems. Specific benefits include:
  - 21,000 cases closed in the financial crime arena; and
  - suppression of counterfeiting of U.S. currency domestically and in foreign countries.

## Interagency Crime and Drug Enforcement

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |             |
|--|--------------------|--------------------|--------------------|----------------------|-------------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |             |
|  |                    |                    |                    | \$millions           | percent     |
| Interagency Law Enforcement                  | 74.0               | 51.9               | 26.2               | -25.7                | -49.5%      |
| Violent Crime Reduction Trust Fund           | 0.0                | 24.0               | 49.7               | 25.7                 | 107.1%      |
| <b>Bureau Program Level</b>                  | <b>74.0</b>        | <b>75.9</b>        | <b>75.9</b>        | <b>0.0</b>           | <b>0.0%</b> |

### *Explanation of FY 2000 Request*

The Interagency Crime and Drug Enforcement (ICDE) budget represents the portion of the ICDE funds previously appropriated to the Department of Justice (DOJ) for Treasury law enforcement bureaus participating in the program. They are now funded through the Treasury-Postal appropriation. The request proposes to retain the FY 1999 funding level and to transfer additional resources into the Violent Crime Reduction Trust Fund (VCRTF).

### *Purpose of Program*

Under the leadership of the Department of Justice, the Treasury Department administers the ICDE appropriation provided to Treasury bureaus. Jointly, these agencies establish law enforcement investigative case priorities. Formerly called the Organized Crime Drug Enforcement Task Force (OCDETF) program and originally established in FY 1982, the primary goal of the program is to target, investigate and prosecute individuals who organize, direct, finance, or otherwise engage in high-level illegal drug trafficking enterprises, including large-scale money laundering organizations.

To accomplish this goal, participating agencies coordinate their activities and cooperate within a national regional task force structure. Consisting of a representative from each participating agency, regional task forces foster a spirit of cooperation among Federal, State and local law enforcement agencies and bring some of the best specialized investigative and prosecutorial talent of each agency to bear on cases which have qualified for referral under special criteria.

From FY 1988 until FY 1997, DOJ annually prepared a consolidated request for OCDETF on behalf of all participating agencies. Eleven agencies participated and received resources from the bill on a reimbursable basis. The Bureau of Alcohol, Tobacco, and Firearms, the U.S. Customs Service and the Internal Revenue Service are the Treasury bureaus that participated in this program. Prior to FY 1998, DOJ reimbursed the Treasury bureaus for salaries and expenses expended on the cases that were referred to and accepted by the task forces.

The ICDE Task Force Program consists of nine regional task forces which consolidate the resources and expertise of 11 member Federal agencies in cooperation with State and local investigators and prosecutors to target and destroy major narcotics trafficking and money laundering organizations.

### *Program Description and Benefits*

Activities performed under this appropriation are core governmental functions which must continue on a day to day basis. Specific benefits include:

## Interagency Crime and Drug Enforcement

- ☐ Increase the safety of Americans by substantially reducing drug-related crime and violence; and
- ☐ Shield America's air, land, and sea frontiers from the drug threat.

### *Program Performance*

ICDE expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ **Consolidated Departmental Oversight:** Appropriating directly to the Treasury Department enhances Treasury Enforcement's ability to exercise consolidated Departmental oversight in the management and allocation of resources concomitantly with streamlining administrative coordination with non-Treasury participating agencies.

These enhancements can be achieved while maintaining the integrity of existing guidelines which allow individual task forces to be tailored to meet the special needs of regional ICDE investigative and prosecutorial personnel.

- ☐ **Interagency cooperation to solve crimes:** The overall goal to identify, investigate, and prosecute members of high-level drug trafficking and related enterprises will be maintained through interagency coordination and thereby generate more and better cases against drug trafficking and related organizations.

When Treasury bureaus refer cases to the task forces, Treasury benefits from the highly specialized talents of each agency and, at the same time, receives reimbursement for resources expended. Likewise, other agencies benefit from Treasury's expertise in solving their cases. The types of cases referred to ICDE are extremely complex and characterized by conspiracies of large, well organized criminal enterprises. These cases often extend over wide geographic areas and require the cooperation of multiple-district task forces.

## Community Development Financial Institutions Fund

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |              |
|--|--------------------|--------------------|--------------------|----------------------|--------------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |              |
|  |                    |                    |                    | \$millions           | percent      |
| Community Dev. Financial Institutions Fund   | 80.0               | 95.0               | 110.0              | 15.0                 | 15.8%        |
| Program for Investment in Microentrepreneurs | ---                | ---                | 15.0               | 15.0                 | n/a          |
| <b>Bureau Program Total</b>                  | <b>80.0</b>        | <b>95.0</b>        | <b>125.0</b>       | <b>30.0</b>          | <b>31.6%</b> |

### *Explanation of FY 2000 Request*

The Community Development Financial Institutions (CDFI) budget request reflects an increase of \$30M. The FY 2000 request maintains a program level consistent with the current level of efforts that allow CDFI to continue to meet the increasing demand to invest in and build the capacity of the private sector to address the community development financing needs of distressed urban and rural communities. Of the funding requested in FY 2000, \$15M is proposed for the Program for Investment in Microentrepreneurs (PRIME). PRIME is a new microenterprise initiative that is to provide technical assistance grants to microenterprise intermediaries that assist low-income and disadvantaged entrepreneurs.

### *Purpose of Program*

The Community Development Financial Institutions Fund (CDFI) was created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities and to carry out the Community Development Banking and Financial Institutions Act of 1994. By stimulating the creation and expansion of diverse community development financial institutions (CDFIs) and by providing incentives to traditional banks and thrifts through the Bank Enterprise Award (BEA) Program, the Fund's investments work toward building private markets, creating healthy local tax revenues, and empowering residents. The CDFI Fund provides relatively small infusions of capital to institutions that serve distressed communities and low-income individuals. The Fund's activities leverage private-sector investments from banks, foundations, and other funding sources.

### *Program Description and Benefits*

The CDFI Fund's responsibilities funded by this appropriation include:

- ☐ **Domestic Economic Policy:** Investing directly in CDFIs that satisfy quality standards and are able to raise private matching funds; providing training and technical assistance to improve the capacity of CDFIs; implementing secondary market initiatives which draw in new sources of private institutional capital to support the activities of CDFIs; providing incentives to traditional financial institutions to increase their support of CDFIs and increase the lending and financial services they provide in distressed communities; and recognizing outstanding microenterprise development organizations through the Presidential Awards for Excellence in Microenterprise Development Program.

## Community Development Financial Institutions Fund

### *Program Performance*

CDFI expects to achieve the following levels of performance in selected program areas in FY 2000, subject to requested funding:

- ☐ Increase the number of first-time awardees over previous round and the number of CDFIs receiving assistance.
- ☐ Increase the diversity of CDFIs by increasing the number of states with a CDFI awardee and the number of distressed communities served.
- ☐ Increase private and non-federal capital investments in CDFIs by measuring the total dollars invested above the matching requirement.
- ☐ Increase the number of organizations that receive training or technical assistance over the previous year in addition to the number of institutions that receive technical assistance.
- ☐ Increase in community development investment by BEA awardees over previous round and in the number of BEA awardees that provide financial or technical assistance to CDFIs.
- ☐ Increase the diversity of Financial Service Organizations participating in the BEA program by increasing the number of first-time BEA program applicants over the previous round.
- ☐ Establish an inter-agency work group and website.
- ☐ Increase participation in the Presidential Awards for Excellence in Microenterprise by increasing number of applicants for microenterprise awards over the previous round.
- ☐ Establish Program for Investment in Microentrepreneurs (PRIME).



## Community Adjustment and Investment Program

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |         |
|--|--------------------|--------------------|--------------------|----------------------|---------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |         |
|  |                    |                    |                    | \$millions           | percent |
| Community Adjustment and Investment Program  | - - -              | 10.0               | 17.0               | 7.0                  | 70.0%   |

### *Explanation of FY 2000 Request*

The Community Adjustment and Investment Program (CAIP) budget request increases available funding to help communities affected by significant job losses connected to the North American Free Trade Agreement. This funding will permit CAIP to play a more significant role in the economic adjustment of trade affected communities, working in partnership with local private sector lenders and with private sector businesses.

### *Purpose of Program*

- ☐ CAIP increases resources available to communities with significant job losses connected to the North American Free Trade Agreement and with high unemployment rates.
- ☐ CAIP provides the financial resources for commercial projects in the form of loans, loan guarantees, grants, and technical assistance. The form of financial assistance depends on the individualized needs of the business.
- ☐ The majority of financing is done in participation with private sector lenders, and the business must satisfy appropriate underwriting criteria.

### *Program Description and Benefits*

The CAIP's responsibilities funded by these appropriations include:

- ☐ Assist business through technical assistance initiatives to increase the capacity of entrepreneurs in trade affected communities to create new jobs;
- ☐ Provide limited grants in trade affected communities to leverage private sector investments and to create new job opportunities for displaced workers; and
- ☐ Provide loans and loan guarantees to finance business creation or expansion, thus creating new job opportunities.

### *Program Performance*

CAIP expects to achieve the following levels of performance in FY 2000, subject to requested funding:

- ☐ Increase the number of private sector jobs created in trade affected communities.
- ☐ Implement an effective technical assistance initiative targeted to new business projects.

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## Earned Income Tax Credit Compliance Initiative (Outside the Discretionary Caps)

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |         |
|--|--------------------|--------------------|--------------------|----------------------|---------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |         |
|  |                    |                    |                    | \$millions           | percent |
| EITC Compliance Initiative                   | 138.0              | 143.0              | 144.0              | 1.0                  | 0.7%    |

### *Explanation of FY 2000 Request*

The Earned Income Tax Credit Compliance (EITC) Initiative budget request is essentially a current services request that will allow the Internal Revenue Service (IRS) to continue to ensure that recipients are indeed eligible and protect significant additional revenue over the five-year period FY 1998 - FY 2002.

- ☐ The request maintains current service levels to fund pay raises and annualizations in FY 2000 and adds 123 FTE to put further emphasis on customer service.

### *Purpose of Program*

This program funds IRS operations focusing on expanded customer service efforts with dedicated toll-free telephone assistance, continued public outreach, enhanced compliance research efforts, strengthened enforcement, and improved computer capabilities to identify and select questionable EITC claims.

### *Program Description and Benefits*

The Internal Revenue Service's efforts associated with the EITC funded by this appropriation include:

- ☐ Expanded customer service including dedicated toll-free telephone assistance, increased community-based tax preparation sites and a coordinated marketing and educational effort.
- ☐ Improved compliance through increased staff and systemic improvements in submission processing, examination, and criminal investigation programs.
- ☐ Enhanced research activities and projects focused on EITC claimant characteristics and patterns of non-compliance.
- ☐ This appropriation also funds reimbursements to the Social Security Administration (SSA) for enhancements to the SSA numbering systems and cooperative efforts with state vital statistics offices.

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## Violent Crime Reduction Trust Fund

| <i>Program Summary (dollars in millions)</i> |                    |                    |                    |                      |             |
|--|--------------------|--------------------|--------------------|----------------------|-------------|
| Appropriation Title                          | FY 1998<br>Enacted | FY 1999<br>Enacted | FY 2000<br>Request | Increase or Decrease |             |
|  |                    |                    |                    | \$millions           | percent     |
| Departmental Offices                         | 1.6                | - - -              | - - -              | 0.0                  | n/a         |
| Financial Crimes Enforcement Network         | 1.0                | 1.4                | 1.2                | -0.2                 | -14.3%      |
| Federal Law Enforcement Training Center      | 1.0                | - - -              | - - -              | 0.0                  | n/a         |
| Alcohol, Tobacco and Firearms                | 29.4               | 16.0               | 13.0               | -3.0                 | -18.8%      |
| U.S. Customs Service                         | 60.6               | 65.5               | 65.0               | -0.5                 | -0.8%       |
| U.S. Secret Service                          | 15.7               | 22.6               | 3.2                | -19.4                | -85.8%      |
| Interagency Crime and Drug Enforcement       | - - -              | 24.0               | 49.7               | 25.7                 | 107.1%      |
| <b>Bureau Program Level</b>                  | <b>109.3</b>       | <b>129.5</b>       | <b>132.1</b>       | <b>2.6</b>           | <b>2.0%</b> |

### *Explanation of FY 2000 Request*

Treasury proposes to use the Violent Crime Reduction Trust Fund resources to leverage existing Treasury efforts against crime. The Violent Crime Reduction Trust Fund (VCRTF) budget proposes to increase Treasury's capacity, as follows:

- ☐ Ensuring continuation of ATF's Gang Resistance Education and Training (GREAT) program.
- ☐ Allowing FinCEN to expand Data Mining Technology, continue the Magnitude of Money Laundering study, enhance Electronic Filing of SARS and other BSA databases, and expand Secure Outreach Network's user base to double the Treasury users with access and to connect Gateway System users.
- ☐ Maintaining the Secret Service's technical expertise that has proven especially valuable for solving cases involving missing and exploited children.
- ☐ Enhancing Customs' efforts to secure our borders.
- ☐ Ensuring continuations of Treasury's support of Interagency Crime and Drug Enforcement programs.

### *Purpose of Program*

Treasury is committed to sharing in the effort to suppress the crimes of violence and property which plague our nation. The Executive and Legislative Branches agree that a citizenry living in fear of violence is an unacceptable situation for a great nation. Equally objectionable are financial and trade crimes, debilitating to our commerce, with which violence is often associated.

## **Violent Crime Reduction Trust Fund**

### ***Program Description and Benefits***

Treasury law enforcement has a number of powerful tools to attack the crime problem. The Bureau of Alcohol, Tobacco and Firearms (ATF) enforces Federal firearms laws, regulates industries, collects revenues, and investigates gun trafficking, bombings and arsons. The U.S. Secret Service (USSS) and the Financial Crime Enforcement Network (FinCEN) play important roles in the effort to identify and suppress financial crime (e.g., money laundering, credit card access device fraud, and counterfeit currency). Customs is a primary Federal agency enforcing trade laws and interdicting illegal drugs at our borders.

### ***Program Performance***

Please see the Program Performance section of each Treasury law enforcement bureau that obtains resources from the VCRTF.

# Department of the Treasury

## Summary Performance Plans for FY 1999 and FY 2000 and Summary Performance Report for FY 1998

### Overview

The Government Performance and Results Act (Results Act) establishes formal requirements for strategic planning and performance measurement in the Federal Government. The Act requires that agencies develop Strategic Plans by September 30, 1997, annual Performance Plans for FY 1999, and Performance Reports by March 31, 2000. Treasury published a Results Act compliant Strategic Plan in September 1997 and has submitted annual performance plans as part of its annual budget since the FY 1997 submission.

This section of the Budget-in-Brief provides an overview of the Department's Performance Plans for FYs 1999 and 2000 and a Summary Performance Report for FY 1998. Selected key performance measures for these fiscal years are reflected in the *Summary Performance Plan and Report* table which follows this introduction. For a complete plan/report for any Treasury program, please refer to Treasury's FY 2000 Justification of Appropriations document, which includes the full set of performance measures for each bureau and a complete explanation of both actual performance for the prior fiscal year and targeted performance for the budget year and the current year.

The Performance Plan and Performance Report information provided in this section is presented by Treasury's mission areas:

|                             |   |
|-----------------------------|---|
| <b>Economic Mission:</b>    | Promote Prosperous and Stable American and World Economies                                      |
| <b>Financial Mission:</b>   | Effectively Manage the Government's Finances  |
| <b>Enforcement Mission:</b> | Protect our Financial Systems and our Nation's Leaders, and Foster a Safe and Drug-Free America |
| <b>Management Mission:</b>  | Continue to Build a Strong Institution  |

Significant progress has been made during this past year to improve and refine performance measures throughout the Department, striving specifically to present key measures of program *results* rather than the traditional output-oriented or workload measures. Consequently, many of the measures in the FY 1996 through FY 1998 columns of the performance measures table presented differ from the measures proposed for FY 1999 and FY 2000. As this iterative process continues, we expect to make further improvements in future presentations, yet increasingly limit changes. We continue to welcome feedback from our stakeholders and customers concerning how to best measure the success of our programs. (Comments can be provided via the Internet [comments@treas.sprint.com](mailto:comments@treas.sprint.com), or in writing to the Office of Strategic Planning, 1500 Pennsylvania Avenue, N.W., Washington, DC 20220.)

## Performance Plans for FY 1999 and FY 2000

Treasury's FY 1999 and FY 2000 Performance Plans contain 334 performance targets defining what will be accomplished during each a fiscal year. Comparing the FY 1999 plan with the FY 2000 plan, Treasury expects to realize improvement in 16% of its performance targets across its four mission areas as depicted in the graph below:



Some of the expected improvements include:

- ☐ Internal Revenue Service (IRS) - Fundamental changes, including a full restructuring and reorganization, have shifted the focus of IRS from revenue collection and enforcement to improved taxpayer service. During this process, IRS has implemented a new, balanced measurement system. Customer satisfaction targets in key IRS programs will be set in FY 2000, including an increase in the level of toll free telephone access (to 80-90%).
- ☐ IRS - IRS anticipates an increase in electronic filing, with a targeted 23% of individual returns filed electronically in FY 2000 (up from 19.8% in FY 1998 and 17% in FY 1997). IRS also expects to receive 78% of the total dollar amount of all Federal tax payments electronically (up from 67.7% in FY 1998 and 48.4% in FY 1997).
- ☐ Customs Service - An increase in the overall compliance rate of imported goods from 85% in FY 1999 to 86% in FY 2000. The compliance rate is a measure of industry compliance with U.S. trade laws determined by an intensive examination and analysis of a random sample of merchandise entering the U.S.
- ☐ Financial Management Service (FMS) - FMS will increase collection of delinquent debts owed to the government that are referred to Treasury by \$93.1 million in FY 2000 over the 1998 baseline of \$1.988 billion through the addition of more Federal payment types and agency referrals into the centralized administrative offset program.
- ☐ Bureau of Public Debt - An improvement was made in promptly announcing auction results within one hour from 90% to 95% of the time for the approximately 160 Treasury marketable securities auctions, which receive more than \$8 trillion in bids.



**DEPARTMENT OF THE TREASURY**  
**SUMMARY PERFORMANCE PLANS FOR FY 1999 AND FY 2000**  
**AND SUMMARY PERFORMANCE REPORT FOR FY 1998**

**LEGEND:**

- NA (not applicable) is shown for workload measures in the FY 1998 performance plan column.
- NT (no target) indicates that this measure was/is included in the performance plan but no target was/is available.
- ND (no data) indicates that a target for this measure was included in the FY 1998 final performance plan but actual data is not available.
- NF (not fiscal year) indicates that actual performance results data is not available in time for this report. The Office of the Comptroller of the Currency and the Office of Thrift Supervision operate on a calendar year ending December 31<sup>st</sup>
- Shading indicates that a measure was, is, or will not be in use in that fiscal year.
- Workload measures (shown in *italics*) are included to provide a context for performance measures.

For further information about bureau performance, including detailed definitions for performance measures, please refer to Treasury's FY 2000 Justification of Appropriations document which includes a full performance report for FY 1998 and full performance plans for FY 1999 and FY 2000.

| Summary Performance Measures and Workload Trends by Treasury Mission Area                                       | FY 1996 Actual | FY 1997 Actual | FY 1998 Final Performance Plan | FY 1998 Actual | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|---|----------------|----------------|--------------------------------|----------------|--------------------------------|----------------------------------|
| <b><i>Economic Mission: PROMOTE A PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMY</i></b>                      |                |                |                                |                |                                |                                  |
| <b>Departmental Offices</b>   |                |                |                                |                |                                |                                  |
| Economic conditions in developing countries (measured by quantitative indicators)                               |                |                | Maintain or Improve            | Improved by 2% | Maintain or Improve            | Maintain or Improve              |
| Economic conditions of foreign countries which are major U.S. trading partners measured by growth rate          |                |                | Maintain or Improve            | Improved       | Maintain or Improve            | Maintain or Improve              |
| <b>United States Customs Service</b>  |                |                |                                |                |                                |                                  |
| Estimated compliance rate (estimate of % of all import entries that contain no discrepancy) <sup>1</sup>        | 82.0%          | 81.0%          | 84.0%                          | 83.0%          | 85.0%                          | 86.0%                            |
| <b>Office of the Comptroller of the Currency (<i>Calendar year basis</i>)</b>                                   |                |                |                                |                |                                |                                  |
| Percentage of examinations started on schedule  | 87%            | 89%            | 100%                           | NF             |                                |                                  |
| Percent of critical work outlined in federal branch/agency, mid-size bank, and large bank strategies completed. |                |                |                                |                | 100%                           | NF                               |
| Percent of community bank examinations conducted within time frames of examination guidelines                   |                |                |                                |                | 100%                           | NF                               |
| National bank assessments compared to national bank overhead expenses   | .72%           | .64%           | .70%                           | NF             |                                |                                  |
| <b>Office of Thrift Supervision (<i>Calendar year basis</i>)</b>  |                |                |                                |                |                                |                                  |
| The % examined thrifts rating the value of the examination process as satisfactory or better.                   | 98%            | 98%            | 90%                            | NF             | 90%                            | NF                               |

| Summary Performance Measures and Workload Trends by Treasury Mission Area  | FY 1996 Actual | FY 1997 Actual | FY 1998 Final Performance Plan | FY 1998 Actual | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|--|----------------|----------------|--------------------------------|----------------|--------------------------------|----------------------------------|
| The % scheduled thrifts that received each type of examination <sup>2</sup>  |                |                |                                |                |                                |                                  |
| Safety and soundness   | 98%            | 96%            | 95%                            | NF             | 95%                            | NF                               |
| Compliance   | 100%           | 98%            | 95%                            | NF             | 95%                            | NF                               |
| Holding Company  | 97%            | 83%            | 85%                            | NF             | 85%                            | NF                               |
| Information Systems  | 79%            | 78%            | 80%                            | NF             | 75%                            | NF                               |
| Trust  | 91%            | 63%            | 75%                            | NF             | 80%                            | NF                               |
| <b>Community Development Financial Institutions Fund</b>   |                |                |                                |                |                                |                                  |
| Number of CDFIs receiving assistance <sup>3</sup>  | 31             | 51             | 51                             | 112            | 125                            | 135                              |
| Total volume of new activity within distressed communities by insured depository institutions (\$M)  | \$60.1         | \$82.8         | \$100.0                        | \$194.4        |                                |                                  |
| Number of Bank Enterprise Awards program awardees that provide financial or technical assistance to CDFIs  | 38             | 55             | 79                             | 79             | 80                             | 85                               |
| <b>Financial Mission: EFFECTIVELY MANAGE THE GOVERNMENT'S FINANCES</b>   |                |                |                                |                |                                |                                  |
| <b>Internal Revenue Service</b> (IRS has implemented a new balanced measurement system. A new set of Service-wide measures are provided for FY 1999/2000.) |                |                |                                |                |                                |                                  |
| Telephone access (calls into IRS's call routing system divided by number of call attempts)<br>[Reworded for FY 1999/2000 to: "Toll-free level of access."] | 29.9%          | 65.1%          | 70.0%                          | 89.9%          | 80-90%                         | 80-90%                           |
| Number of calls answered – includes automated (millions) – workload projection only  | 111.7          | 122.8          |                                | 113.3          | 120.3                          | 120.3                            |
| Tax law accuracy rate for taxpayer inquiries (Toll free)   |                |                |                                |                | 85%                            | 85%                              |
| Customer satisfaction – Toll free  |                |                |                                |                | Baseline                       | TBD                              |
| Number of taxpayers served – walk-in (millions) – workload projection only   | 9.9            | 9.9            |                                | 10.1           | 10.0                           | 10.0                             |
| Customer satisfaction – Walk-in  |                |                |                                |                | Baseline                       | TBD                              |
| Customer satisfaction – Field and office examination   |                |                |                                |                | Baseline                       | TBD                              |
| Field collection quality   |                |                |                                |                | Baseline                       | TBD                              |
| Field and office examination quality   |                |                |                                |                | Baseline                       | TBD                              |
| Customer satisfaction – Field collection   |                |                |                                |                | Baseline                       | TBD                              |
| Total net revenue collected (\$trillions) – workload projection only   | 1.376          | 1.504          |                                | 1.616          | 1.725                          | 1.785                            |
| Alternative treatment revenue collected  |                |                |                                |                | Baseline                       | TBD                              |
| Employee satisfaction (Service-wide)   |                |                |                                |                | Baseline                       | TBD                              |
| IRS productivity measure   |                |                |                                |                | NT                             | Baseline                         |
| Tax law % accuracy on assisted telephone calls   |                | 96.1%          | 96.0%                          | 93.8%          |                                |                                  |
| Taxpayer burden cost for IRS to collect \$100  | \$8.66         | \$8.52         | \$8.53                         | \$8.35         |                                |                                  |

| Summary Performance Measures and Workload Trends by Treasury Mission Area  | FY 1996 Actual | FY 1997 Actual               | FY 1998 Final Performance Plan | FY 1998 Actual | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|--|----------------|------------------------------|--------------------------------|----------------|--------------------------------|----------------------------------|
| Initial contact resolution rate  |                | 78.8%                        | 73%                            | 65.8%          |                                |                                  |
| % of true tax liability collected  | 87.3%          | 87.3%                        | 87.4%                          | 87.4%          |                                |                                  |
| Total net revenue collected (\$trillions)  | 1.376          | 1.504                        | 1.575                          | 1.616          |                                |                                  |
| Budget cost to IRS to collect \$100  | \$0.53         | \$0.48                       | \$0.47                         | \$0.46         |                                |                                  |
| Collecting the proper amount of tax revenue at the least cost: tax revenue less the cost of the IRS budget and less the cost of the taxpayer tax return completion burden, divided by tax liability (the closer to 100%, the greater the efficiency) | 79.3%          | 79.5%                        | 79.5%                          | 79.7%          |                                |                                  |
| <b>Financial Management Service</b>  |                |                              |                                |                |                                |                                  |
| <i>Payments</i>  |                |                              |                                |                |                                |                                  |
| % of payments and associated data made electronically  | 53%            | 58%                          | 60%                            | 63%            | 69%                            | 75%                              |
| Government dollar savings from reducing the number of check payments compared to the prior year (\$millions)   | 5.8            | 11.0                         | 0.9                            | 13.1           | 13.8                           | 15.5                             |
| % of checks that are released for on-time delivery   | 99.9975%       | 99.9927%                     | 99.9993%                       | 99.9951%       | 99.9993%                       | 99.9993%                         |
| <i>Collections</i>   |                |                              |                                |                |                                |                                  |
| Electronic collections as a % of total collections <sup>4</sup>  | 57%            | 52%                          | 62%                            | 68.5%          | 75%                            | 75%                              |
| <i>Government-wide Accounting</i>  |                |                              |                                |                |                                |                                  |
| % of days the Daily Treasury Statement is released on time   | 95%            | 97%                          | 98%                            | 100%           | 99%                            | 100%                             |
| <i>Debt Collection</i>   |                |                              |                                |                |                                |                                  |
| Collections of the debts referred to Treasury (\$ billions)  |                |                              | baseline                       | 1.988          | 1.997                          | 2.081                            |
| % of current market share of Federal Program Agencies with debt servicing requirements which have referred their debts in compliance with the Debt Collection Act of 1996  | 18%            | 46%                          | 30%                            | 74%            |                                |                                  |
| % increase over the FY 1997 baseline of FMS managed government-wide collected delinquent debt (FY 1997 Actual revised by analysis subsequent to earlier estimate of \$1.5M)  |                | baseline established \$2.04M | 5%                             | 679%           |                                |                                  |
| <b>Bureau of Alcohol, Tobacco, and Firearms</b>  |                |                              |                                |                |                                |                                  |
| Total Taxes and Fees Collected (\$billions)  | 12.70          | 12.70                        | 12.80                          | 12.40          | 12.40                          | 13.00                            |
| <b>Bureau of Engraving and Printing</b>  |                |                              |                                |                |                                |                                  |
| Currency spoilage -- % of total units printed  | 5.5%           | 5.2%                         | 6.0%                           | 6.4%           |                                |                                  |
| Postage stamp spoilage -- % of total units printed   | 11.7%          | 10.7%                        | 11.0%                          | 12.5%          |                                |                                  |
| Manufacturing Cost for Currency (cost per 1000 notes)  | \$20.03        | \$18.65                      | \$23.80                        | \$24.34        | \$26.50                        | \$29.00                          |
| Manufacturing Cost for Stamps - 100 Stamp Flag Coil (cost per 1000 stamps)   | \$1.35         | \$1.36                       | \$1.33                         | \$1.39         | \$1.43                         | \$1.46                           |
| <b>United States Mint</b>  |                |                              |                                |                |                                |                                  |

| Summary Performance Measures and Workload Trends by Treasury Mission Area   | FY 1996 Actual | FY 1997 Actual | FY 1998 Final Performance Plan | FY 1998 Actual | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|---|----------------|----------------|--------------------------------|----------------|--------------------------------|----------------------------------|
| Frequency of time within 90% confidence interval of the coin demand forecast  |                | 100%           | 100%                           | 75%            |                                |                                  |
| Frequency of time meeting a minimum inventory level   |                |                | 100%                           | 81.8%          | 100%                           | 100%                             |
| Average costs to produce circulating coinage  | \$0.0067       | \$0.0177       | \$0.0243                       | \$0.0054       |                                |                                  |
| 1 cent coin   | \$0.0018       | \$0.0026       | \$0.0026                       | \$0.0026       |                                |                                  |
| 5 cent coin   | \$0.0043       | \$0.0072       | \$0.0072                       | \$0.0066       |                                |                                  |
| 10 cent coin  | \$0.0036       | \$0.0104       | \$0.0121                       | \$0.0089       |                                |                                  |
| 25 cent coin  | \$0.0043       | \$0.0206       | \$0.0193                       | \$0.0168       |                                |                                  |
| 50 cent coin  | \$0.0193       | \$0.0479       | \$0.0805                       | \$0.0379       |                                |                                  |
| Average cost per 1000 units of circulating clad coinage (including metal)   |                |                |                                |                | \$33.84                        | \$34.48                          |
| Average cost per 1000 units of circulating pennies (including metal)  |                |                |                                |                | \$7.69                         | \$7.74                           |
| Shipment of commemorative coins within 4 weeks and recurring coins within 3 weeks of order date   |                |                | 98%                            | 93%            |                                |                                  |
| % of Numismatic product orders shipped within the Mint's published customer service standards (turnaround time)   |                |                |                                |                | 98%                            | 98%                              |
| Numismatic/bullion contribution margin  |                | 9.8%           | 10.0%                          | 6.0%           |                                |                                  |
| Losses as a % of reserve value [Reworded for FY 1999/2000 to "Dollar losses per billion dollars of reserve value"]  | 0.00005%       | 0.0001%        | 0.001%                         | 0%             | 0%                             | 0%                               |
| <b>Bureau of Public Debt</b>  |                |                |                                |                |                                |                                  |
| % of savings securities issued within three weeks through Regional Delivery System  | 99.0%          | 99.9%          | 95.0%                          | 99.9%          | 95.0%                          | 95.0%                            |
| % customer service requests:  |                |                |                                |                |                                |                                  |
| completed within 4 weeks (savings bonds)  |                | 88%            | 80%                            | 93%            | 90%                            | 90%                              |
| completed within 3 weeks (marketable securities)  | 95%            | 95%            | 90%                            | 99%            | 90%                            | 90%                              |
| % auction results announced within 60 minutes   | 97%            | 90%            | 90%                            | 90%            | 90%                            | 95%                              |
| <b>Departmental Offices</b>   |                |                |                                |                |                                |                                  |
| Index of calculating interest rates within one day of required pricing date   | 100%           | 100%           | 100%                           | 100%           |                                |                                  |
| Index of borrowing policies and borrowing requirements to financial market participants in a timely manner (Reworded in FY 1999/2000 to read: "Announce borrowing policies and borrowing requirements to financial market participants in a timely manner") |                |                | 90%                            | 100%           | 100%                           | 100%                             |
| <b>Law Enforcement Mission: PROTECT OUR FINANCIAL SYSTEMS AND OUR NATION'S LEADERS, AND FOSTER A SAFE AND DRUG-FREE AMERICA</b>   |                |                |                                |                |                                |                                  |
| <b>United States Customs Service</b>  |                |                |                                |                |                                |                                  |

| Summary Performance Measures and Workload Trends by Treasury Mission Area   | FY 1996 Actual | FY 1997 Actual | FY 1998 Final Performance Plan | FY 1998 Actual | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|---|----------------|----------------|--------------------------------|----------------|--------------------------------|----------------------------------|
| Seizures of heroin, cocaine, marijuana (pounds in thousands)  | 958.7          | 886.4          | 953.0                          | 1,116.0        | 968.0                          | 973.0                            |
| Seizures of currency (\$millions, outbound only)  | \$49.0         | \$55.2         | \$57.0                         | \$68.4         |                                |                                  |
| Passenger vehicle targeting efficiency (Violations found in targeted exams divided by violations found in random vehicle exams) | 9.1            | 9.5            | 10.0                           | 9.0            | 10.5                           | 11.0                             |
| Compliance Rate (Air Travel)  |                | 97.6%          | 98.0%                          | 97.7%          | 97.7%                          | 97.7%                            |
| Air Passenger Cycle Time (in minutes)   | 5              | 5              | 5                              | 5              | 5                              | 5                                |

| Summary Performance Measures and Workload Trends by Treasury Mission Area  | FY 1996 Actual | FY 1997 Actual | FY 1998 Final Performance Plan | FY 1998 Actual | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|--|----------------|----------------|--------------------------------|----------------|--------------------------------|----------------------------------|
| <b>Bureau of Alcohol, Tobacco and Firearms</b>   |                |                |                                |                |                                |                                  |
| Crime related costs avoided (\$billions)   |                | .93            | 1.00                           | .99            | 1.00                           | 1.00                             |
| Number of trace requests   | 116,674        | 191,378        | 225,000                        | 189,483        | 200,000                        | 225,000                          |
| Average trace response time (in working days)  | 9.4            | 13.5           | 12.0                           | 16.0           | 11.5                           | 11.5                             |
| <b>United States Secret Service</b>  |                |                |                                |                |                                |                                  |
| Counterfeit notes passed on to the public: (\$millions)  |                |                |                                |                |                                |                                  |
| Domestic   | 29.8           | 31.8           | 40.0                           | 40.0           | 40.0                           | 50.0                             |
| Foreign  | 6.1            | 2.9            | 5.0                            | 3.2            | 5.0                            | 5.0                              |
| Counterfeit passed per million dollars of genuine U.S. currency  | \$88           | \$77           | \$119                          | \$92           | \$90                           | \$100                            |
| Total Criminal Cases Closed  | 27,393         | 32,430         | 28,000                         | 27,429         | 28,000                         | 21,000                           |
| Number of credit card fraud/access device cases closed   | 2,957          | 2,497          | 3,000                          | 2,078          |                                |                                  |
| Amount of counterfeit notes seized - domestic (\$millions)   | 63.7           | 40.4           | 45.0                           | 29.9           |                                |                                  |
| Financial institutions fraud cases closed  | 2,143          | 2,462          | 3,000                          | 2,186          |                                |                                  |
| <b>Federal Law Enforcement Training Center</b>   |                |                |                                |                |                                |                                  |
| Student survey on quality of basic training (scale 0 - 6, 6 being highest quality)                                       | 5.5            | 5.4            | 5.0                            | 5.9            |                                |                                  |
| Student survey on quality of basic training  |                |                |                                |                | 80%                            | 80%                              |
| Variable Unit Cost Per Basic Student-Week of Training Funded   | \$150          | \$127          | \$137                          | \$129          | \$146                          | \$149                            |
| Student survey of quality of services, basic training (scale 1 - 5, 5 being highest quality)                             | 4.3            | 4.0            | 4.0                            | 4.5            |                                |                                  |
| Student survey of quality of services, basic training  |                |                |                                |                | 80%                            | 80%                              |
| Conduct 100% of Actual Basic Training Requested  |                |                | 100%                           | 100%           | 100%                           | 100%                             |
| <b>Financial Crimes Enforcement Network</b>  |                |                |                                |                |                                |                                  |
| Number of efforts made to analyze information received through the Suspicious Activity Reporting system                  | 25,215         | 59,795         | 60,000                         | 60,850         |                                |                                  |
| Number of interagency matches (advisories that notify an agency that another agency has an interest in the same subject) | 670            | 920            | 900                            | 1,429          | 1,200-1,500                    | 1,300-1,600                      |
| Number of targets identified through the use of artificial intelligence  | 1,032          | 867            | 1,755                          | 2,042          |                                |                                  |
| Number of presentations provided to enhance outreach efforts   | 112            | 273            | 150                            | 183            |                                |                                  |
| Number of FinCEN case lab intelligence products resulting from law enforcement community partnerships                    | 9              | 49             | 20                             | 45             |                                |                                  |
| Number of assessments that provide an analysis of the money laundering in a country or region                            | 20             | 25             | 30                             | 31             |                                |                                  |

| Summary Performance Measures and Workload Trends by Treasury Mission Area   | FY 1996 Actual | FY 1997 Actual | FY 1998 Final Performance Plan | FY 1998 Actual       | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|---|----------------|----------------|--------------------------------|----------------------|--------------------------------|----------------------------------|
| Number of efforts to determine vulnerabilities of rapidly advancing technologies  |                | 240            | 60                             | 192                  |                                |                                  |
| <i>Workload: Number of queries using FinCEN's Gateway Platform</i>  | 50,015         | 57,633         | 63,000                         | 69,335               | 68,000-72,000                  | 72,000-75,000                    |
| <i>Workload: Number of law enforcement and regulatory personnel provided a platform to do research</i>  |                | 49             | 65                             | 73                   | 70                             | 80                               |
| % reduction in the number of Currency Transaction Reports (CTRs) filed due to elimination or reformulation of compliance and information requirements. Baseline = CY 1996 CTRs filed. |                | 3.7%           | 5%                             | 5%                   | 5%                             | 5.8-6.5%                         |
| Number of enhancements to the secure website used by FinCEN's international financial intelligence unit counterparts  |                | 2              | 5                              | 6                    |                                |                                  |
| % of countries/jurisdictions having units that meet the Egmont Group's financial intelligence unit (FIU) definition. Baseline FY 1997 = 14%   |                |                |                                |                      | 24%                            | 30%                              |
| <b>Forfeiture Fund</b>  |                |                |                                |                      |                                |                                  |
| Number of days elapsing between forfeiture of real property and disposal  | 246            | 330            | 222                            | 421                  | 365                            | 334                              |
| Number of days required to process equitable sharing payments   | 308            | 284            | 256                            | 271                  | 230                            | 207                              |
| <b>Departmental Offices</b>   |                |                |                                |                      |                                |                                  |
| % reduction, from prior year, of backlogged financial transfer applications of Office of Foreign Assets Control (OFAC)  | 28% reduction  | 40% reduction  | 10% reduction                  | 76% reduction        |                                |                                  |
| % reduction, from prior year, of backlogged OFAC civil monetary penalty cases in inventory  | 14% reduction  | 15% increase   | 10% reduction                  | 26% reduction        |                                |                                  |
| <b>Management Mission: CONTINUE TO BUILD A STRONG INSTITUTION</b>   |                |                |                                |                      |                                |                                  |
| <b>Treasury-wide</b>  |                |                |                                |                      |                                |                                  |
| % of Treasury bureaus in compliance with GPRA   | 6%             | 82%            | 100%                           | 90%                  |                                |                                  |
| % of customer service standards met by Treasury and its bureaus at least 90% of the time  |                |                | 100%                           | 72%                  |                                |                                  |
| Audit opinion on the consolidated Treasury-wide financial statements (Reworded for FY 1999/2000 to read: "Quality/timeliness of Treasury-wide financial statements")                  |                |                | Qualified Opinion              | Qualified Opinion    | Qualified Opinion              | Unqualified Opinion              |
| Begin implementation of the HR prototype bureau, with remaining appropriated bureaus to follow  |                |                | 1 additional bureau            | 2 additional bureaus | 5 additional bureaus           | 9 additional bureaus             |
| Treasury and bureau "mission critical" IT systems that are Year 2000 compliant  |                |                |                                |                      | 100%                           | 100%                             |

| Summary Performance Measures and Workload Trends by Treasury Mission Area  | FY 1996 Actual | FY 1997 Actual | FY 1998 Final Performance Plan | FY 1998 Actual | FY 1999 Final Performance Plan | FY 2000 Initial Performance Plan |
|--|----------------|----------------|--------------------------------|----------------|--------------------------------|----------------------------------|
| <b>Office of the Inspector General</b>   |                |                |                                |                |                                |                                  |
| Potential \$ savings identified (\$millions)   | \$25.9         | \$60.9         | \$28.5                         | \$83.4         | \$42.0                         | \$50.0                           |
| Number of referrals to other OIG components resulting from financial statement audit work  | 13             | 20             | 21                             | 39             |                                |                                  |
| % of Reports of Investigation that do not require supplemental or follow-up (a measure of quality)   |                | 91%            | 91%                            | 97%            |                                |                                  |
| % of Reports of Investigation completed within one year  |                | 51%            | 50%                            | 22.5%          | 75%                            | 75%                              |
| <b>Notes:</b><br><sup>1</sup> <b>Customs</b> -- The FY 1997 actual was revised from 83% to 81%. This revision is based on new data received from field offices after submission of the President's budget.<br><sup>2</sup> <b>OTS</b> -- The "1998 planned" values were determined in June 1997. Thus in some instance the "1998 Planned" is significantly less than the "1997 Actual"<br><sup>3</sup> <b>CDFI</b> -- The FY 1997 actual was revised from 48% to 51%. This revision is based on new data received after submission of the President's budget.<br><sup>4</sup> <b>FMS</b> -- FY 1998 final performance plan adjusted by 6/1/98 letter to Congress from 74% to 62%. Actual FY 1998 performance was higher than expected due to more rapid adoption of electronic payments by the private sector payers than anticipated. |                |                |                                |                |                                |                                  |

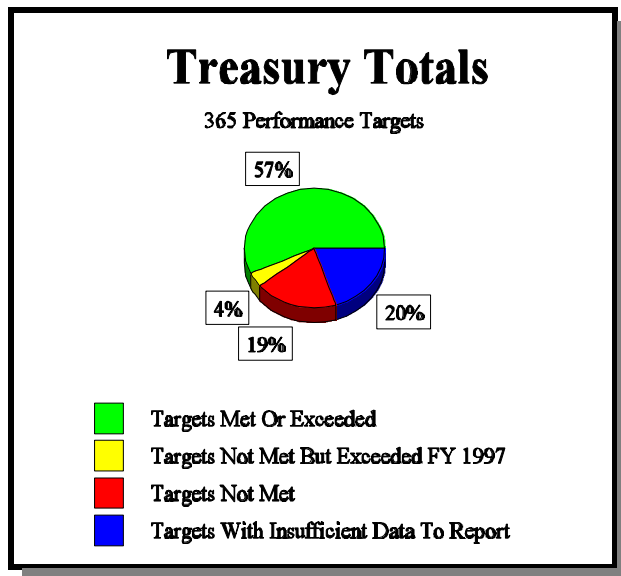


## Department of the Treasury FY 1998 Performance Report Treasury-wide Summary

The purpose of Treasury's planning effort is to improve *results* delivered to the American public. Last year the Department transmitted to the Congress, as part of the budget, a final performance plan for FY 1998 which detailed 365 performance targets for Treasury bureaus linked to their strategic plans.

In total, the Department:

- Met or exceeded its targets for 207 measures (57%);
- For 85 measures (24%), did not achieve the target; but, for 15 (4%) of these, performance improved over the FY 1997 levels;
- For the final 73 (20%) measures, determined that either reliable data on actual performance was not available or no performance target was provided in the final FY 1998 plan.



Many of the positive results were in programs of particular importance to the Department, such as taxpayer telephone access and refund timeliness in the Internal Revenue Service, and passenger processing and trade compliance in the Customs Service. There is still considerable work needed to refine many of our measures to make them more useful in the decision making process, and to improve the timeliness and accuracy of our information systems that capture and report performance data.

The following pages present summary performance reports and highlights by Treasury's four mission areas.

## FY 1998 Performance Report Mission Area Summary

### MISSION: Promote Prosperous and Stable American and World Economies

The Department of the Treasury has primary responsibility for formulating and recommending domestic and international economic, financial, and fiscal policies that affect growth and stability.

This mission area is supported by programs managed by many of the Departmental Offices, Office of the Comptroller of the Currency, Office of Thrift Supervision, Community Development Financial Institutions Fund, and the U.S. Customs Service trade programs.

#### FY 1998 Highlights:

**Domestically:** Treasury played a primary role in the formulation and review of Administration budget and economic policies, and contributed to the country's economic well-being. Among its activities, Treasury provided primary analyses for the Administration's Social Security reform efforts, climate change policy, economic and financial issues related to the tobacco industry, and other key economic issues.

#### Treasury Strategic Objective - Balance the Budget by 2002

**Report** - The Administration's sound fiscal policy encouraged the sustained economic expansion, which allowed for the Federal Budget to be balanced in FY 1998 with a surplus of \$70 billion (0.8% of GDP).

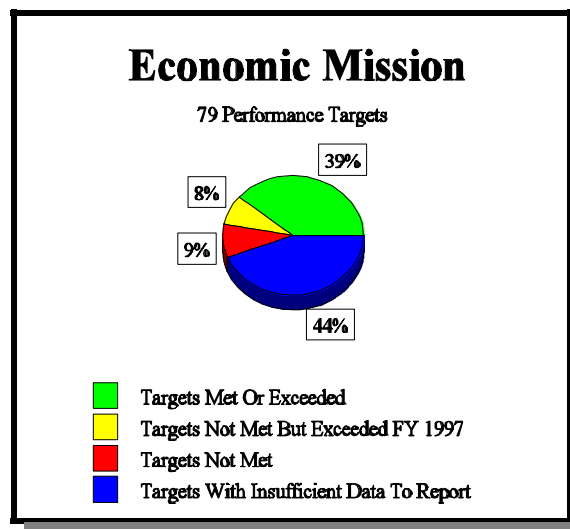
#### Treasury Strategic Objective - Improve Retirement Security and Increase Savings

**Report** - Among its efforts, Treasury introduced inflation-indexed Savings Bonds, making inflation protection available, on a tax-advantage basis, for as little as \$50. The Department is also encouraging employers to promote contributions to IRAs through payroll deductions or to establish new qualified pension plans.

#### Treasury Strategic Objective - Promote Fair and Efficient Delivery of Credit and Other Financial Services and Help Bring Residents of Distressed Communities into the Economic Mainstream.

**Report** - Treasury contributed to improving the economies of distressed communities (through the Community Development Financial Institutions Fund) by awarding over \$44 million in financial assistance to community development organizations, and made 79 Bank Enterprise Awards totaling almost \$28 million to insured depository institutions.

**Internationally:** Overall, the world economy grew by 2%. Unfortunately, the overall growth of countries in transition from central planning to market-based economies fell by 0.2%, caused primarily by the economic downturn in Russia and its severe financial crisis that resulted in devaluation and default. U.S. exports of goods and services totaled \$938 billion in CY 1997, up 10% over the previous year (although U.S. export to Asia fell due to the Asian financial crisis). U.S. direct investment abroad totaled \$861 billion in CY 1997, up 8% over the prior year level.



**Treasury Strategic Objective - Strengthen International Financial Institutions and Support Their Efforts to Promote Sustainable Economic Growth, Development, and Financial Stability**

**Report** - Treasury helped to secure approval of \$18 billion for the U.S. share of the International Monetary Fund (IMF) quota increase and the U.S. contribution to the IMF's New Arrangement to Borrow. Treasury also reduced multilateral development bank arrears, which now stand at \$310 million, down from \$862 million in FY 1997.

**Treasury Strategic Objective - Facilitate Legitimate Trade, Enhance Access to Foreign Markets and Enforce Trade Agreements**

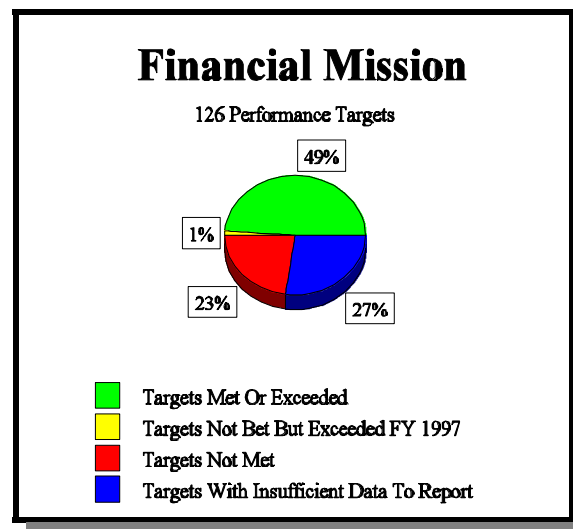
**Report** - Among other activities, Treasury successfully negotiated a World Trade Organization financial services agreement in which 102 member countries committed to open their markets for banking and securities.

## FY 1998 Performance Report Mission Area Summary

### MISSION: Manage the Government's Finances

As the primary fiscal agent for the Federal government, Treasury manages the nation's finances through collecting money due the United States, making its payments, managing its borrowings, performing central accounting functions, and producing coins and currency sufficient to meet demand.

This mission area is supported by programs managed by Treasury Departmental Office's Offices of Tax Policy and Domestic Finance, IRS, the tax and tariff programs in Customs, the Bureau of Alcohol, Tobacco and Firearms (ATF), the Financial Management Service (FMS), the Bureau of Public Debt (BPD), the Treasurer, the United States Mint, and the Bureau of Engraving and Printing (BEP).



### FY 1998 Highlights:

Treasury collected roughly 95% of total Federal receipts in FY 1998. The Internal Revenue Service collected almost \$1.616 trillion; the U.S. Customs Service \$22.1 billion in tariff duty, user fee, excise taxes and other assessments; and the Bureau of Alcohol, Tobacco and Firearms approximately \$12.4 billion in taxes, interests, penalties, and registration fees.

Treasury provided accurate and timely financial information and supported the government-wide implementation of accounting standards by issuing, on time, the first ever audited Consolidated Financial Statement of the U.S. government. This statement provides a comprehensive financial picture of the operations of the entire government prepared according to a published set of accounting standards.

### *Collections:*

**Target - Increase FMS-managed Government-wide collected delinquent debt by 5% over the FY 1997 baseline.**

**Result - Target Exceeded.** The actual achieved was 679% due to the cumulative effect of an array of successes. 36 agencies participated in the delinquent debt cross-servicing program, and 37 agencies in the Treasury Offset Program as compared to 17 for each program in the previous year. The number of States participating in the child support program increased from 8 to 15 in FY 1998. An improvement in the process for agencies to submit debts to IRS for tax refund offset, and implementation of contracts with 12 private collections agencies also contributed. [FMS]

**Target - 62% electronic collections as a percentage of total collections.**

**Result - Target exceeded.** Treasury's Financial Management Service, which manages the mechanisms for collecting \$1.2 trillion in revenue, continued expansion of electronic collections. In FY 1998, 68.5% of total collections were electronic, up from 52% in FY 1997. [FMS]

***Payments:***

**Target - 99% of payment customers indicating an overall rating of satisfied or better.**

**Result - Target Met.** Treasury's Financial Management Service made 880 million payments in FY1998, which is approximately 85 percent of all Federal payments. Ninety-nine percent of payments customers indicated an overall rating of "satisfied" or better when surveyed. [FMS]

**Target - 60% of payments and associated information will be made electronically**

**Result - Target Exceeded.** Sixty-three percent of those payments and their associated data were made electronically, compared to 58% in 1997. This enabled additional saving of more than \$13 million in 1998 over last year had they been made with paper checks. [FMS]

***Borrowings:***

**Target - Announce marketable securities auction results within one hour 90% of the time.**

**Result - Target Met.** Ninety percent of Treasury auction results were completed within one hour for the Treasury marketable securities auctions, which receive more than \$8 trillion in bids. [BPD]

***Accounting:***

**Target - Release the Daily Treasury Statement on time 98% of the time.**

**Result - Target Exceeded.** Actual results were 100% released on time. [FMS]

***Coin and Currency production:***

**Target - Reduce the average costs to produce circulating coinage to 2.43 cents**

**Result - Target Exceeded.** Treasury met coin demand by providing 16.6 billion circulating coins to the Federal Reserve for distribution, while reducing average production costs by almost 70% over FY 1997 costs to 5.4 cents. [Mint]

**Target - Reduce the Manufacturing Cost for 1000 Currency Notes to \$23.80**

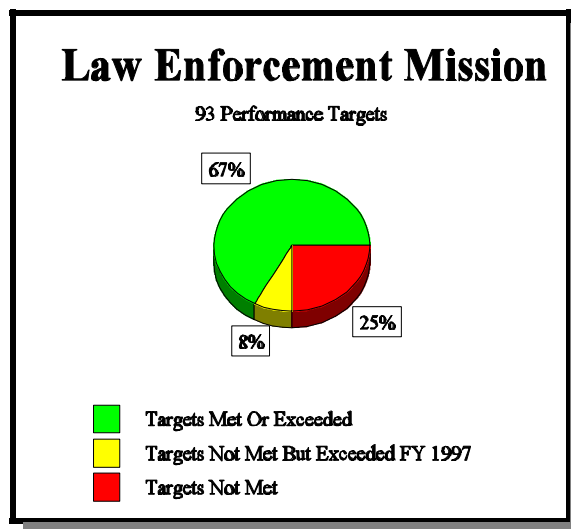
**Result - Target Not Met.** 9.2 billion notes were delivered to the Federal Reserve System at a cost per 1000 notes of \$24.34. This cost increase was primarily due to a higher-than-anticipated spoilage on the redesigned \$50 and \$100. However, Treasury did successfully introduced the newly-designed \$20 Federal Reserve Note, incorporating new advanced counterfeit deterrent features (which also added to an increase in cost). [BEP]

## FY 1998 Performance Report Mission Area Summary

### MISSION: Protect Our Financial Systems and Our Nation's Leaders, and Foster a Safe and Drug-Free America

Treasury's effort in the law enforcement area represents a significant amount of the total Federal government's law enforcement activities. The Department helps foster a safer nation by protecting our borders; preventing drug smuggling; protecting the President, Vice President, and visiting foreign dignitaries; combating violent crime; suppressing counterfeiting; fighting money laundering; preventing financial crimes against the currency of the United States; and training the vast majority of Federal law enforcement personnel.

The mission is supported by the Customs Service Enforcement Programs, the Bureau of Alcohol, Tobacco, and Firearms (ATF), the U.S. Secret Service (USSS), Financial Crimes Enforcement Network (FinCEN), the Criminal Division of the Internal Revenue Service (IRS), the Federal Law Enforcement Training Center (FLETC), and the Treasury Forfeiture Fund (TFF).



#### FY 1998 Highlights:

##### **Target - Decrease the Supply of Narcotics through Seizures.**

**Result - Target Exceeded.** Customs seized 1,116,000 pounds of heroin, cocaine, and marijuana, which notably exceeded the FY 1998 target of 953,000. The increases in seizures resulted, in large part, from Operation Brass Ring, a six month effort to increase the amount of narcotics seized. [Customs]

##### **Target - Prevent 440,000 Future Crimes.**

**Result - Target Exceeded.** In FY 1998, it is estimated that ATF helped prevent over 500,000 violent crimes by taking career criminals off the street. Crimes prevented totaled 427,000 in 1997 and 335,000 in FY 1996. [ATF]

##### **Target - Achieve an Average Handgun Trace Response Time of 12 Days.**

**Result - Target Not Met.** In FY 1998, the ATF traced 189,483 handguns, averaging 16 day turnaround on each request as compared to the 191,378 traces completed on average in 13.5 days in 1997, and 116,674 traces on average in 9.4 days in 1996. The shortfall was caused by the downtime during the replacement of outdated and inefficient Tracing Center hardware and software. With the newer and faster equipment the bureau is confident that it will meet or exceed its FY 1999 target. [ATF]

##### **Target - Decrease the Number of Counterfeit Notes Passed.**

**Result - Target Exceeded.** For counterfeit notes passed on to the public per million dollars of genuine currency, the Secret Service's target was \$119; the actual amount passed was \$92. A total of \$3.1 million of counterfeit currency was passed in foreign countries, which is approximately \$2 million less than the estimate. Over the last several years the Service has placed an emphasis on curbing counterfeiting activities and this is reflected in the general decrease in note passing. [USSS]

**Target - Attain a 4.8 Average Student Survey Rating on the Quality of Basic Training.**

**Result - Target Exceeded.** While workload increased 10% since 1997, the FLETC exceeded its goal by receiving a 5.9 rating on a scale of 0 to 6 for the quality of training being offered. [FLETC]

**Target - Achieve a \$137.00 Variable Unit Cost per Basic Student Week of Training.**

**Result - Target Exceeded.** During FY 1998, the unit cost per basic week of training was \$129.00, almost 10% below the target. FLETC was able to secure contracts which allowed them to maintain FY 1997 cost levels. [FLETC]

**Target - Increase the Number of Interagency Alerts Issued by the Gateway System.**

**Result - Target Exceeded.** The target was 900 matches; the actual was 1,429, which represents a 64% increase over the FY 1997 match level of 920. Interagency matches are advisories that notify an agency that another agency may have an interest in the same subject allowing for collaboration and faster resolution to each investigation. [FinCEN]

**Target - Complete Disposals of Real Property Within 7.4 Months (222 days).**

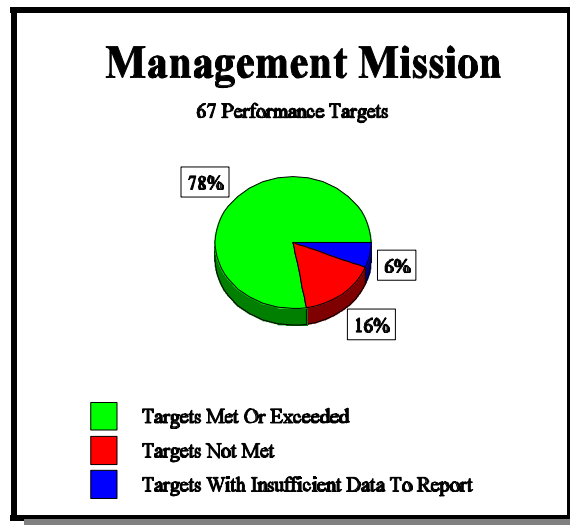
**Result - Target Not Met.** For FY 1998 the disposal period averaged 14 months as compared to 11 months in 1997, 7.8 months in 1996, and 7.2 months in 1995. The FY 1998 target was not met due to increased volume of properties for disposal and the sale of several properties that had been on the market for an extended period of time. [TFF]

## FY 1998 Performance Report Mission Area Summary

### MISSION: Continue to Build a Strong Institution

This mission area focuses on the continued emphasis of a strong and efficient organization in order to effectively accomplish our programmatic goals, and affects all bureaus and policy offices. This mission area includes human resources management, equal employment opportunity, financial management, information technology, procurement, and bureau oversight responsibilities.

Performance improvement initiatives were implemented in several areas, including financial, information, and human resource management, as well as customer service.



### FY 1998 Highlights:

#### **Target - Attain a Qualified Audit Opinion on the Consolidated Treasury-wide Financial Statements**

**Result - Target Met.** A significant achievement for Treasury's internal financial management program was receiving a qualified opinion on the first Treasury-wide financial statement. Treasury seeks to achieve an unqualified (clean) audit opinion for FY 1999.

#### **Target - Begin Implementation of the Human Resources System Prototype**

**Result - Target Exceeded.** The Department undertook a major effort to transform human resources management and improve service delivery of human resources processes through a department-wide integrated human resources system. During FY 1998, Treasury planned to implement this prototype system in one bureau, but was able to begin implementation in two bureaus.

#### **Target - Meet 100% of Bureaus' Published Customer Service Standards**

**Result - Target Not Met.** In response to Executive Order #12862 and direction in the Treasury Strategic Plan, the bureaus established a total of 105 customer service standards for FY 1998, and met 76 (72%) of these standards at least 90% of the time.

Also, Treasury's Year 2000 process met critical milestones during FY 1998 and is on schedule for successful conversion of all mission-critical systems. In the area of strategic management, Treasury continued to make progress in implementing the Results Act, including using the Internet to publish performance reports on our accomplishments well ahead of the Act's requirements. In addition, significant progress was made in reorganizing and restructuring the Internal Revenue Service, shifting from a focus on revenue collection and enforcement to a taxpayer-service oriented organization. IRS continues to implement fundamental changes in the way the it conducts its business.



**DEPARTMENTAL OFFICES  
SALARIES & EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) . . . . .                                     | 123,151            | 1,043         |
| FY 1999 APPROPRIATION (P.L. 105-277, Title V) . . . . .                            | 1,500              | ---           |
| [TRANSFER (P.L. 105-277, Title III) --Y2K Emergency (not added to total) . . . . . | 1,238              | —]            |
| FY 1999 PROPOSED AUTHORIZED LEVEL . . . . .  | 124,651            | 1,043         |
| CHANGES PROPOSED FOR FY 2000:  |                    |               |
| ! Adjustments for Mandatory Cost Increases . . . . .                               | 8,438              | ---           |
| ! Program Annualization . . . . .  | 1,445              | 14            |
| ! Workload Adjustment . . . . .  | 1,596              | 18            |
| ! Reductions, non-recurring costs, and savings . . . . .                           | -1,500             | ---           |
| TOTAL FY 2000 CHANGES . . . . .  | 9,979              | 32            |
| <b>FY 2000 PRESIDENT'S BUDGET . . . . .</b>  | <b>134,630</b>     | <b>1,075</b>  |

| Amount<br>(\$000s) | Direct<br>FTE |
|--------------------|---------------|
|--------------------|---------------|

**Highlights of FY 1999 Budget Changes**

|  |       |     |
|--|-------|-----|
| <i>Transfer from Funds Appropriated to the President: FY 1999 Emergency Supplemental Appropriation for correcting the Year 2000 conversion of Federal Information Technology Systems (not added to FY 1999 total).</i> | 1,238 | --- |
|--|-------|-----|

**Highlights of FY 2000 Budget Changes**

|  |       |     |
|--|-------|-----|
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$866 and 0 FTE); 2) the proposed January 2000 pay raise (\$3,270 and 0 FTE); 3) other labor related benefits (\$81 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$4,221 and 0 FTE). | 8,438 | --- |
|--|-------|-----|

**DEPARTMENTAL OFFICES  
SALARIES & EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>  |                    |               |
| <b>Program Annualization:</b> Funds are requested for completing the full year cost and FTE realization of 47 new positions funded by FY 1999 appropriations (\$1,445 and 14 FTE).   | 1,445              | 14            |
| <b>Workload Adjustments:</b> Funds are requested for workload increases in the following areas: 1) Tax and Economic Policy to respond to tax related regulatory issues, with special emphasis on tax neutrality of electronic commerce (\$424 and 4 FTE); 2) International Affairs to improve overseas financial market expertise and coverage (\$1,172 and 14 FTE). | 1,596              | 18            |
| <b>Reductions, Non-recurring Costs, and Savings:</b> Non-recur of P.L. 105-277, Title V appropriation for an interagency money laundering initiative.  | -1,500             | —             |

**DEPARTMENTAL OFFICES**  
**TREASURY BUILDINGS AND ANNEX REPAIR AND RESTORATION**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) ..... | 27,000             | 10            |
| CHANGES PROPOSED FOR FY 2000:              |                    |               |
| ! Program Changes .....                    | -4,000             | ---           |
| TOTAL FY 2000 CHANGES .....                | -4,000             | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>    | <b>23,000</b>      | <b>10</b>     |

**Highlights of FY 2000 Budget Changes**

**Program Changes:** A program reduction is proposed to accommodate existing budget constraints for discretionary activities. Treasury's multi-year umbrella program, to modernize and renovate the Treasury building and achieve compliance with occupational safety, health, and building code regulations, may need to be extended if procurement timing outpaces lower available funding.

-4,000      —

**DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAM**

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) . . . . .  | 28,690             | ---           |
| <i>[TRANSFER (P.L. 105-277, Title III) --Y2K Emergency (not added to total) . . . . .</i> | <i>40,165</i>      | <i>—]</i>     |
| FY 1999 PROPOSED AUTHORIZED LEVEL . . . . .   | 28,690             | ---           |
| CHANGES PROPOSED FOR FY 2000:   |                    |               |
| ! Program Changes . . . . .   | 39,271             | ---           |
| ! Reductions, non-recurring costs, and savings . . . . .                                  | -9,000             | ---           |
| ! Transfer Out . . . . .  | -5,400             | ---           |
| TOTAL FY 2000 CHANGES . . . . .   | 24,871             | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET . . . . .</b>   | <b>53,561</b>      | <b>---</b>    |

**Highlights of FY 1999 Budget Changes**

*Transfer from Funds Appropriated to the President: FY 1999 Emergency Supplemental Appropriation for addressing the Year 2000 conversion of Federal Information Technology Systems (not added to FY 1999 total).*

|        |     |
|--------|-----|
| 40,165 | --- |
|--------|-----|

**Highlights of FY 2000 Budget Changes**

**Program Changes:** Funds are requested for: 1) Supporting human resources re-engineering and systems modernization in the following bureaus: Departmental Offices (\$500 and 0 FTE), United States Customs Service (\$6,047 and 0 FTE), Bureau of Alcohol, Tobacco and Firearms (\$800 and 0 FTE), United States Secret Service (\$3,397 and 0 FTE), Bureau of the Public Debt (\$500 and 0 FTE), Financial Management Service (\$700 and 0 FTE), and Treasury-wide (\$4,000 and 0 FTE); 2) Critical infrastructure assessment and correction (\$1,000 and 0 FTE); 3) Grants for money laundering investigations (\$3,000 and 0 FTE); 4) Land mobile radio modernization compliant with NTIA directives (\$15,000 and 0 FTE); and 5) completing final stage Y2K workload, contingency preparedness, and mandated reporting requirements by: Department-wide Chief Information Officer (\$2,500 and 0 FTE) and Departmental Offices (\$1,827 and 0 FTE)..

|        |   |
|--------|---|
| 39,271 | — |
|--------|---|

*DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAM*

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>  |                    |               |
| <b>Reductions, Non-recurring Costs, and Savings:</b> Decreases are proposed for non-recurring costs of prior year initiatives including: 1) Vehicle Management System (-\$1,000 and 0 FTE); and 2) Custom's Automated Commercial Environment (ACE), to be funded beginning in FY 2001 with receipts under a legislative proposal (-\$8,000 and 0 FTE). | -9,000             | ---           |
| <b>Transfer-Out:</b> Support for the International Trade Data System is being requested in the Customs Salaries and Expenses Account in FY 2000, to be funded with receipts under a legislative proposal (-\$5,400 and 0 FTE).   | -5,400             | —             |

**OFFICE OF INSPECTOR GENERAL  
SALARIES AND EXPENSES**

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....  | 30,678             | 292           |
| TRANSFER (P.L. 105-206) -- Internal Revenue Service Restructuring and Reform Act of 1998, Treasury Inspector General for Tax Administration (TIGTA) ..... | -1,062             | -10           |
| FY 1999 PROPOSED AUTHORIZED LEVEL .....   | 29,616             | 282           |
| CHANGES PROPOSED FOR FY 2000:   |                    |               |
| ! Adjustments for Mandatory Cost Increases .....  | 1,100              | ---           |
| ! Workload Adjustment .....   | 1,301              | 9             |
| TOTAL FY 2000 CHANGES .....   | 2,401              | 9             |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>   | <b>32,017</b>      | <b>291</b>    |

**Highlights of FY 1999 Budget Changes**

|   |        |     |
|---|--------|-----|
| <b>Transfer to TIGTA:</b> Resources are transferred to the newly established Treasury Inspector General for Tax Administration as provided for in P.L. 105-206 (-\$1,062 and 10 FTE). | -1,062 | -10 |
|---|--------|-----|

**Highlights of FY 2000 Budget Changes**

|  |       |     |
|--|-------|-----|
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$233 and 0 FTE); 2) the proposed January 2000 pay raise (\$621 and 0 FTE); 3) other labor-related benefits (\$79 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for occupied space and security surcharges (\$167 and 0 FTE).                                     | 1,100 | --- |
| <b>Workload Adjustments:</b> Funds are requested to more effectively address major priorities in managing the investigative workload including: (1) increasing responsiveness to allegations of fraud, waste, abuse, misconduct, and mismanagement; (2) addressing existing backlog; (3) investigating and coordinating procurement fraud and nationally significant cases; and (4) increasing the timeliness in acting on special requests (\$1,301 and 9 FTE). | 1,301 | 9   |

**TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION  
SALARIES AND EXPENSES**

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....  | 0                  | 0             |
| TRANSFER (P.L. 105-206) -- Internal Revenue Service Restructuring and Reform Act of 1998, Treasury Inspector General for Tax Administration (TIGTA) ..... | 108,418            | 1,005         |
| FY 1999 AUTHORIZED LEVEL .....  | 108,418            | 1,005         |
| CHANGES PROPOSED FOR FY 2000:   |                    |               |
| ! Adjustments for Mandatory Cost Increases .....  | 4,283              | —             |
| ! Reductions, Non-Recurring Costs, and Savings .....  | -494               | -5            |
| TOTAL FY 2000 CHANGES .....   | 3,789              | -5            |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>   | <b>112,207</b>     | <b>1,000</b>  |

**Highlights of FY 1999 Budget Changes**

|  |         |       |
|--|---------|-------|
| <b>Transfer from Treasury Inspector General and Internal Revenue Service:</b> Resources are transferred from the Treasury Inspector General and the Internal Revenue Service to the newly established Treasury Inspector General for Tax Administration as provided for in P.L. 105-206 (OIG: \$1,062 and 21 FTE; IRS: \$107,356 and 984 FTE). | 108,418 | 1,005 |
|--|---------|-------|

**Highlights of FY 2000 Budget Changes**

|   |       |    |
|---|-------|----|
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$867 and 0 FTE); 2) the proposed January 2000 pay raise (\$2,270 and 0 FTE); 3) other labor-related benefits (\$668 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for occupied space and security surcharges (\$478 and 0 FTE). | 4,283 | —  |
| <b>Reductions, Non-Recurring Costs, and Savings:</b> Program reduction to cover absorption of non-labor mandatory cost increases (-\$494 and -5 FTE).   | -494  | -5 |

**FINANCIAL CRIMES ENFORCEMENT NETWORK  
SALARIES AND EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....       | 24,000             | 181           |
| ! Reprogramming .....                            | ---                | -18           |
| FY 1999 PROPOSED AUTHORIZATION LEVEL .....       | 24,000             | 163           |
| CHANGES PROPOSED FOR FY 2000:                    |                    |               |
| ! Program Annualizations .....                   | 1,870              | 10            |
| ! Adjustments for Mandatory Cost Increases ..... | 842                | ---           |
| ! Workload Adjustments .....                     | 1,106              | 10            |
| ! Transfer In .....                              | 600                | ---           |
| TOTAL FY 2000 CHANGES .....                      | 4,418              | 20            |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>          | <b>28,418</b>      | <b>183</b>    |

**VIOLENT CRIME REDUCTION TRUST FUND (VCRTF)**

|                        |              |
|------------------------|--------------|
| <b>! FY 1999 .....</b> | <b>1,400</b> |
| <b>! FY 2000 .....</b> | <b>1,263</b> |

| Amount<br>(\$000s) | Direct<br>FTE |
|--------------------|---------------|
|--------------------|---------------|

**Highlights of FY 1999 Budget Changes**

|   |   |     |
|---|---|-----|
| <b>Reprogramming:</b> A technical adjustment is proposed to equate FTE to the FY1999 appropriation (\$0 and -18 FTE). | — | -18 |
|---|---|-----|

**Highlights of FY 2000 Budget Changes**

|  |       |     |
|--|-------|-----|
| <b>Program Annualizations:</b> Funds are requested to: 1) Continue International Money Laundering Efforts Associated with PDD 42 (\$907 and 4 FTE); 2) Maintain the Secure Outreach Network (\$439 and 1 FTE); and 3) Continue Bank Secrecy Act regulatory efforts relating to Money Services Businesses (\$524 and 5 FTE).  | 1,870 | 10  |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$137 and 0 FTE); 2) the proposed January 2000 pay raise (\$379 and 0 FTE); 3) other labor-related benefits (\$92 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$234 and 0 FTE). | 842   | --- |



***FINANCIAL CRIMES ENFORCEMENT NETWORK  
SALARIES AND EXPENSES***

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| <b>Workload Adjustments:</b> Funds are requested for: 1) Law Enforcement Case Support (\$556 and 5 FTE); 2) Increased Staffing associated with Regulatory Civil Enforcement (\$149 and 1 FTE); and 3) the Enhancement of Suspicious Activity Reports and Other Database Analysis (\$401 and 4 FTE). | 1,106              | 10            |
| <b>Transfer In:</b> Transfer in costs for the Gateway Program previously funded in the VCRTF account (\$600 and 0 FTE).   | 600                | - - -         |

**FEDERAL LAW ENFORCEMENT TRAINING CENTER  
SALARIES AND EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....           | 75,471             | 562           |
| CHANGES PROPOSED FOR 2000:                           |                    |               |
| ! Program Changes .....                              | 7,001              | 1             |
| ! Workload Adjustment .....                          | 5,439              | 18            |
| ! Adjustments for Mandatory Cost Increases .....     | 2,618              | ---           |
| ! Reductions, Non-Recurring Costs, and Savings ..... | -3,683             | -9            |
| <b>TOTAL FY 2000 CHANGES</b> .....                   | <b>11,375</b>      | <b>10</b>     |
| <b>FY 2000 PRESIDENT'S BUDGET</b> .....              | <b>86,846</b>      | <b>572</b>    |

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>  |                    |               |
| <b>Program Changes:</b> Funds are requested for: 1) providing Counter-Terrorism Training (\$1,216 and 4 FTE); 2) improving the cost accounting system (\$1,380 and 2 FTE); 3) contracting for audited financial statements (\$500 and 0 FTE); 4) new training building support (\$2,234 and 4 FTE); 5) equipment (\$1,973 and 0 FTE); 6) developing an automated scheduling system (\$350 and 0 FTE); and 7) a reduction is necessary to cover absorption of non-labor mandatory cost increases (-\$652 and -9 FTE). | 7,001              | 1             |
| <b>Workload Adjustment:</b> Current FY 2000 projected training needs for participating agencies (including the U.S. Border Patrol) require that FLETC receive increased funding and FTE for basic training (\$5,439 and 18 FTE).   | 5,439              | 18            |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$393 and 0 FTE); 2) the proposed January 2000 pay raise (\$1,541 and 0 FTE); and 3) non-labor items such as contracts, travel, supplies, equipment (\$684 and 0 FTE).  | 2,618              | ---           |
| <b>Reductions, Non-Recurring Costs, and Savings:</b> Decreases are proposed to non-recur funds associated with 1) the FY 1999 Emergency Supplemental (-\$3,548 and -9 FTE) and 2) FY 1999 program initiatives (-\$135 and 0 FTE).  | -3,683             | -9            |

**FEDERAL LAW ENFORCEMENT TRAINING CENTER  
ACQUISITION, CONSTRUCTION, IMPROVEMENTS, AND RELATED EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....           | 34,760             | ---           |
| CHANGES PROPOSED FOR FY 2000:                        |                    |               |
| ! Program Changes .....                              | 6,179              | ---           |
| ! Adjustments for Mandatory Cost Increases .....     | 296                | ---           |
| ! Reductions, Non-Recurring Costs, and Savings ..... | -20,235            | ---           |
| TOTAL FY 2000 CHANGES .....                          | -13,760            | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>              | <b>21,000</b>      | <b>---</b>    |

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>  |                    |               |
| <b>Program Changes:</b> Funds are requested for: 1) a completion of a new dormitory necessary to provide service to an expected student increase, especially for the Department of Justice/Border Patrol, at Glynco (\$4,889 and 0 FTE); and 2) facilities associated with counter-terrorism training (\$1,290 and 0 FTE). | 6,179              | ---           |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for non-labor items such as contracts, supplies, and equipment (\$296 and 0 FTE).   | 296                | ---           |
| <b>Reductions, Non-Recurring Costs, and Savings:</b> Decreases are proposed for funding provided in FY 1999 for Master Plan construction (-\$20,235 and 0 FTE).  | -20,235            | ---           |

**FINANCIAL MANAGEMENT SERVICE  
SALARIES AND EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) . . . . .                                     | 196,490            | 1,986         |
| [TRANSFER (P.L. 105-277, Title III) --Y2K Emergency (not added to total) . . . . . | 6,000              | ---]          |
| CHANGES PROPOSED FOR FY 2000:  |                    |               |
| ! Adjustments for Mandatory Cost Increases . . . . .                               | 9,836              | ---           |
| ! Program Re-applications (net) . . . . .  | -100               | ---           |
| ! Transfer In of NARA Mandatory Costs . . . . .                                    | 500                | ---           |
| ! Reductions, Non-Recurring Costs, and Savings . . . . .                           | -4,056             | ---           |
| <b>TOTAL FY 2000 CHANGES . . . . .</b>   | <b>6,180</b>       | <b>---</b>    |
| <b>FY 2000 PRESIDENT'S BUDGET . . . . .</b>  | <b>202,670</b>     | <b>1,986</b>  |

**Highlights of FY 1999 Budget Changes**

*Transfer from Funds Appropriated to the President: FY 1999 Emergency Supplemental Appropriation for correcting the Year 2000 conversion of Federal Information Technology Systems (not added to FY 1999 total).*

6,000      —

**Highlights of FY 2000 Budget Changes**

**Adjustments for Mandatory Cost Increases:** Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$1,266 and 0 FTE); 2) the proposed January 2000 pay raise (\$3,379 and 0 FTE); 3) other labor-related benefits (\$1,157 and 0 FTE); 4) non-labor items such as contracts, travel, supplies, and equipment (\$1,193 and 0 FTE); and 5) adjustments for a new GSA rent pricing policy for occupied and new space (\$2,841 and 0 FTE).

9,836      —

**Program Re-applications:** Resources made available through completing portions of prior initiatives (-\$500 and 0 FTE) and savings associated with reductions in check volumes and payment operations (-\$2,250 and 0 FTE), and the transition to electronic payments (-\$900 and 0 FTE), are proposed to be re-applied to non-discretionary increases for field office restructuring (\$2,200 and 0 FTE), central accounting operations improvements (\$400 and 0 FTE), and physical and information systems security (\$950 and 0 FTE).

-100      —

**Transfer In of NARA Mandatory Costs:** Transfer-in of mandatory costs associated with the switch of the National Archives and Records Administration from a direct funded to a reimbursable program (\$500 and 0 FTE).

500      —

**Reductions, Non-Recurring Costs and Savings:** The program reduction is necessary to cover absorption of non-labor mandatory cost increases (-\$4,056 and 0 FTE).

-4,056      —

**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS  
SALARIES AND EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) . . . . .                                     | 541,574            | 4,009         |
| [TRANSFER (P.L. 105-277, Title III) --Y2K Emergency (not added to total) . . . . . | 7,665              | ---           |
| ! Absorption of FY 1999 Pay Raise (FTE only) . . . . .                             | ---                | -8            |
| FY 1999 PROPOSED AUTHORIZED LEVEL . . . . .  | 541,574            | 4,001         |
| CHANGES PROPOSED FOR FY 2000:  |                    |               |
| ! Program Changes . . . . .  | 26,976             | 49            |
| ! Non-Recurring Costs . . . . .  | -9,500             | ---           |
| ! Transfer Out . . . . .   | -6,000             | ---           |
| ! President's Youth Crime Gun Interdiction Program Annualizations . . . . .        | 12,000             | 81            |
| ! Adjustments for Mandatory Cost Increases . . . . .                               | 19,766             | ---           |
| ! Transfer In . . . . .  | 43                 | ---           |
| <b>TOTAL FY 2000 CHANGES . . . . .</b>   | <b>43,285</b>      | <b>130</b>    |
| <b>FY 2000 PRESIDENT'S BUDGET . . . . .</b>  | <b>584,859</b>     | <b>4,131</b>  |
| <b>VIOLENT CRIME REDUCTION TRUST FUND (VCRTF)</b>                                  |                    |               |
| <b>! FY 1999 . . . . .</b>   | <b>16,000</b>      | <b>24</b>     |
| <b>! FY 2000 . . . . .</b>   | <b>13,000</b>      | <b>24</b>     |

| Amount<br>(\$000s) | Direct<br>FTE |
|--------------------|---------------|
|--------------------|---------------|

**Highlights of FY 1999 Budget Changes**

**Transfer from Funds Appropriated to the President:** FY 1999 Emergency Supplemental Appropriation for correcting the Year 2000 conversion of Federal Information Technology Systems (not added to FY 1999 total).

7,665      ---

Absorption of FY 1999 Pay Raise. To provide pay raises for on-board employees, the number of FTE utilized in FY 1999 must be reduced (\$0 and -8 FTE).

—      -8

**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS  
SALARIES AND EXPENSES**

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>   |                    |               |
| <b>Program Changes:</b> Funding increases are proposed as follows: 1) expanding the successful President's Youth Crime Gun Interdiction Initiative (\$11,200 and 43 FTE); and 2) ensuring compliance with the increase to tobacco excise taxes (\$5,209 and 21 FTE); 3) expanding ATF's integrated violence reduction strategy (\$12,600 and 56 FTE); and 4) developing a promotion assessment system as required in the settlement of a class action lawsuit (\$1,100 and 0 FTE); and 5) a reduction is necessary to cover absorption of non-labor mandatory costs increases (-\$3,133 and -88 FTE). | 26,976             | 49            |
| <b>Non-Recurring Costs:</b> Decreases are proposed to non-recur funds appropriated in FY 1999 for the National Tracing Center expansion (-\$4,500 and 0 FTE) and start-up costs associated with the President's Youth Crime Gun Interdiction Initiatives (-\$5,000 and 0 FTE).  | -9,500             | ---           |
| <b>Transfer Out:</b> A decrease in the Salaries and Expenses base for vehicles and other equipment is proposed, with the assumption that resources will be available in the Treasury Forfeiture Fund Super Surplus (-\$6,000 and 0 FTE).  | -6,000             | ---           |
| <b>Program Annualizations:</b> Funds are requested for the annualization of costs associated with the President's Youth Crime Gun Interdiction Program (\$12,000 and 81 FTE).   | 12,000             | 81            |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$3,329 and 0 FTE); 2) the proposed January 2000 pay raise (\$12,419 and 0 FTE); and 3) non-labor items such as contracts, travel, supplies, equipment and GSA rent adjustments and security surcharges (\$4,018 and 0 FTE).   | 19,766             | ---           |
| <b>Transfer In:</b> Transfer in of mandatory costs associated with reimbursing the National Archives for the National Archives and Records Administration program (\$43 and 0 FTE).   | 43                 | —             |

**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS  
LABORATORY AND HEADQUARTERS**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) ..... | ---                | ---           |
| CHANGES PROPOSED FOR FY 2000:              |                    |               |
| ! Program Changes .....                    | 15,000             | ---           |
| TOTAL FY 2000 CHANGES .....                | 15,000             | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>    | <b>15,000</b>      | <b>---</b>    |

**Highlights of FY 2000 Budget Changes**

|  |        |   |
|--|--------|---|
| <b>Program Changes:</b> Funds are requested for the acquisition of a site for the ATF Headquarters (\$15,000 and 0 FTE). | 15,000 | — |
|--|--------|---|

**UNITED STATES CUSTOMS SERVICE  
SALARIES AND EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) Core Appropriation                            | 1,642,565          | 16,774        |
| FY 1999 APPROPRIATION (P.L. 105-277, Title II) . . . . .                           | 106,300            | ---           |
| [TRANSFER (P.L. 105-277, Title III) --Y2K Emergency (not added to total) . . . . . | 10,200             | ---]          |
| ! Reprogramming . . . . .  | ---                | 462           |
| FY 1999 PROPOSED AUTHORIZED LEVEL . . . . .  | 1,748,865          | 17,236        |
| CHANGES PROPOSED FOR FY 2000:  |                    |               |
| ! Program Changes . . . . .  | 19,800             | 11            |
| ! Adjustments for Mandatory Cost Increases . . . . .                               | 77,668             | ---           |
| ! Program Annualizations . . . . .   | 13,271             | 142           |
| ! Workload Adjustments . . . . .   | 35,000             | ---           |
| ! Transfer In of NARA & ITDS & HMF Costs . . . . .                                 | 9,337              | ---           |
| ! Transfer Out to VCRTF and SuperSurplus Forfeiture Fund . . . . .                 | -74,271            | ---           |
| ! Reductions, Non-Recurring Costs . . . . .  | -109,300           | ---           |
| ! Reductions Replaced by Reimbursements . . . . .                                  | -312,400           | ---           |
| <b>TOTAL FY 2000 CHANGES</b> . . . . .   | <b>-340,895</b>    | <b>153</b>    |
| <b>FY 2000 PRESIDENT'S BUDGET</b> . . . . .  | <b>1,407,970</b>   | <b>17,389</b> |

**VIOLENT CRIME REDUCTION TRUST FUND( VCRTF)**

|                            |               |            |
|----------------------------|---------------|------------|
| <b>! FY 1999</b> . . . . . | <b>65,472</b> | <b>---</b> |
| <b>! FY 2000</b> . . . . . | <b>64,472</b> | <b>---</b> |

| Amount<br>(\$000s) | Direct<br>FTE |
|--------------------|---------------|
|--------------------|---------------|

**Highlights of FY 1999 Budget Changes**

|  |       |     |
|--|-------|-----|
| <i>Transfer from Funds Appropriated to the President: FY 1999 Emergency Supplemental Appropriation for correcting the Year 2000 conversion of Federal Information Technology Systems (not added to FY 1999 total).</i> | 7,665 | --- |
|--|-------|-----|

|  |   |     |
|--|---|-----|
| <b>Reprogramming:</b> Adjustment to increase Full Time Equivalents (FTEs) projected realization to more accurately expected staffing patterns. Increase due to Customs maintaining staffing for Operations Hard Line, Gateway, and Anti-Terrorism. | — | 462 |
|--|---|-----|



**UNITED STATES CUSTOMS SERVICE  
SALARIES AND EXPENSES**

| Highlights of FY 2000 Budget Changes   | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Program Changes:</b> Funds are requested for: 1) contract out polygraph examinations (\$6,000 and 0 FTE); 2) establish comprehensive training program (\$5,000 and 8 FTE); 3) X-ray detection equipment at airports (\$9,000 and 0 FTE); 4) Fund "blitz" operations at land borders (\$725 and 0 FTE); 5) Establish offices in Asia and United Arab Emirates to combat forced child labor (\$2,000 and 3 FTE); 6) Procure equipment to detect illegal outbound currency shipments (\$2,000 and 0 FTE); and 8) a reduction taken to fund inflation related costs (-\$4,925 and 0 FTE). | 19,800             | 11            |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) FY 2000 cost of January 1998 pay increase (\$ 12,638 and 0 FTE); 2) the proposed January 2000 pay raise (\$32,511 and 0 FTE); 3) other labor related benefits (\$15,973 and 0 FTE); and 4) non-labor related items such as contracts, travel, supplies, equipment, and GSA rent adjustments (\$16,546 and 0 FTE).   | 77,668             | ---           |
| <b>Program Annualizations:</b> Funds costs associated with prior year initiatives required to maintain operational status of equipment (\$13,271 and 142 FTE).   | 13,271             | 142           |
| <b>Workload Adjustment:</b> Funds are requested to increase support for the Automated Commercial System in the following areas: 1) maintenance costs; 2) increase volume of transactions; and 3) prevent near term systems outages (\$35,000 and 0 FTE).   | 35,000             | ---           |
| <b>Transfer In of NARA, HMF, ITDS Costs:</b> Reflects transaction to 1) transfer in National Archives and Records Administration (NARA) expended in support of Customs (\$937); and 2) transfer from Treasury Department to support further International Trade Data System (ITDS) development (\$5,400) and realignment of funding to collect the Harbor Maintenance Fee (\$3,000).   | 9,337              | ---           |
| <b>Transfer Out to VCRTF and SuperSurplus Forfeiture Fund (TFF):</b> 1) Adjustment reflects funding requirements proposed to be funded from the Violent Crime Reduction Trust Fund (VCRTF) (-60,000). Funds such items as contractual support, maintenance of space and equipment, procure of equipment in support of Customs mission; 2) transfer to TFF (\$1,000 and 0 FTE); 3) transfer to TFF for continuing maintenance of previously procured equipment and buildings (\$13,721 and 0 FTE).  | -74,271            | ---           |
| <b>Reductions, Non-Recurring :</b> Reflects adjustments for: 1) one time funding in FY 1999 for relocation of air branch and Vermont World Trade Center (\$3,000 and 0 FTE); and 2) one time funding in FY 1999 for emergency supplemental funding (\$106,300 and 0 FTE).  | -109,300           | ---           |
| <b>Reductions Replaced by Reimbursements:</b> Reflects effects of proposal to increase Customs fees to offset operating costs (-\$312,400 and 0 FTE).  | -312,400           | —             |

**UNITED STATES CUSTOMS SERVICE**  
**OPERATIONS AND MAINTENANCE, AIR AND MARINE INTERDICTION PROGRAMS**

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) Core Appropriation ..... | 113,688            | ---           |
| FY 1999 APPROPRIATION (P.L. 105-277, Title II) .....          | 162,700            | ---           |
| FY 1999 PROPOSED AUTHORIZED LEVEL .....                       | 276,388            | ---           |
| CHANGES PROPOSED FOR FY 2000:                                 |                    |               |
| ! Program Changes .....                                       | 725                | ---           |
| ! Reductions, Non-Recurring Costs .....                       | -167,700           |               |
| <b>TOTAL FY 2000 CHANGES</b> .....                            | <b>-166,975</b>    | <b>---</b>    |
| <b>FY 2000 PRESIDENT'S BUDGET</b> .....                       | <b>109,413</b>     | <b>---</b>    |

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>  |                    |               |
| <b>Program Changes:</b> Funds are requested to allow Customs to conduct “blitz” type operations at land border ports. The use of air assets will allow the “blitz” teams to maintain the element of surprise and maximize their time in port instead of in transit between geographically dispersed border crossings. This funding covers the air support costs associated with the “blitzes” (\$725 and 0 FTE). | 725                | ---           |
| <b>Reductions, Non-Recurring Costs:</b> Non-recurs costs associated with the effort in FY 1999 to refurbish three Black Hawk helicopters (-\$5,000 and 0 FTE) and those funds contained in the Emergency Supplemental supporting the procurement and operation of P-3 aircraft (-\$162,700 and 0 FTE).   | -167,700           | —             |

**UNITED STATES CUSTOMS SERVICE  
HARBOR MAINTENANCE FEE COLLECTION**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....           | 3,000              | ---           |
| <b>! Transfer Out to Salary &amp; Expenses .....</b> | <b>-3,000</b>      | <b>---</b>    |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>              | <b>0</b>           | <b>---</b>    |

**Highlights of FY 2000 Budget Changes**

|   |        |   |
|---|--------|---|
| <b>Transfer Out to Salary &amp; Expenses:</b> Reflects direct funding of support provided to the Harbor Maintenance Trust Funds provided by Customs (-\$3,000 and 0 FTE). | -3,000 | — |
|---|--------|---|

**UNITED STATES CUSTOMS SERVICE**  
**FACILITIES, CONSTRUCTION, IMPROVEMENTS AND RELATED EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) ..... | 7,000              | ---           |
| <b>! Non-Recurring Costs</b> .....         | -7,000             | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET</b> .....    | 0                  | ---           |

**Highlights of FY 2000 Budget Changes**

|  |        |     |
|--|--------|-----|
| <b>Non-recurring Costs:</b> Reflects reduction to one time funding received in FY 1999 (-\$7,000 and 0 FTE). | -7,000 | --- |
|--|--------|-----|

**BUREAU OF THE PUBLIC DEBT  
ADMINISTERING THE PUBLIC DEBT**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) <i>(net of estimated User Fee, \$4,400)</i>   | 172,100            | 1,805         |
| <i>[TRANSFER (P.L. 105-277, Title III) -- Y2K Emergency (not added to total)]</i>  | 1,000              | —]            |
| ! Reprogramming .....  | ---                | -237          |
| FY 1999 PROPOSED AUTHORIZED LEVEL .....  | 172,100            | 1,568         |
| CHANGES PROPOSED FOR FY 2000:  |                    |               |
| ! Program Changes .....  | 900                | ---           |
| ! Adjustments for Mandatory Cost Increases .....                                   | 5,752              | ---           |
| ! Transfer In of NARA Mandatory Costs .....  | 100                | ---           |
| ! Reductions, Nonrecurring Costs, and Savings .....                                | -1,033             | ---           |
| TOTAL FY 2000 CHANGES FROM FY 1999 MAXIMUM LEVEL ..                                | 5,719              | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET</b> <i>(net of estimated User Fee, \$4,400)</i> .... | <b>177,819</b>     | <b>1,568</b>  |

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| <b>Highlights of FY 1999 Budget Changes</b>   |                    |               |
| <b>Transfer from Funds Appropriated to the President:</b> <i>FY 1999 Emergency Supplemental Appropriation for correcting the Year 2000 conversion of Federal Information Technology Systems (not added to FY 1999 total).</i> | 1,000              | ---           |
| <b>Reprogramming:</b> Office of Administration FTE moved into Treasury Franchise Fund to become Administrative Resource Center (\$0 and -237 FTE).  | ---                | -237          |

|   |       |     |
|---|-------|-----|
| <b>Highlights of FY 2000 Budget Changes</b>   |       |     |
| <b>Program Changes:</b> Funds are requested for: 1) ADP Infrastructure Upgrade initiative (\$900 and 0 FTE).  | 900   | --- |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$836 and 0 FTE); 2) the proposed January 2000 pay raise (\$2,377 and 0 FTE); 3) other labor related benefits (\$520 and 0 FTE); and 4) non-labor items such as contracts, travel, supplies, equipment, GSA rent adjustments, and postage (\$2,019 and 0 FTE). | 5,752 | --- |

***BUREAU OF THE PUBLIC DEBT  
ADMINISTERING THE PUBLIC DEBT***

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Transfer In:</b> Transfer-in of mandatory costs associated with the switch of the National Archives and Records Administration (NARA) from a direct funded to a reimbursable program (\$100 and 0 FTE). | 100                | ---           |
| <b>Reductions, Nonrecurring Costs, and Savings:</b> Program reduction to cover absorption of non-labor mandatory cost increases (\$-1,033 and 0 FTE).  | -1,033             | —             |

**INTERNAL REVENUE SERVICE**

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) . . . . .  | 7,726,853          | 99,318        |
| <i>[TRANSFER (P.L. 105-277, Title III) --Y2K Emergency (not added to total) . . . . .</i>   | <i>483,300</i>     | <i>---]</i>   |
| TRANSFER (P.L. 105-206) -- IRS Reform and Restructuring Act of 1998, Treasury<br>Inspector General for Tax Administration (TIGTA) . . . . . | -107,356           | -984          |
| ! Reprogramming (FTE only) . . . . .  | ---                | -2,586        |
| FY 1999 PROPOSED AUTHORIZED LEVEL . . . . .   | 7,619,497          | 95,748        |
| CHANGES PROPOSED FOR FY 2000:   |                    |               |
| ! Program Changes . . . . .   | 396,908            | 159           |
| ! Adjustments for Mandatory Cost Increases . . . . .  | 299,369            | ---           |
| ! Reductions, Non-Recurring Costs, and Savings . . . . .  | -211,000           | -140          |
| ! TOTAL FY 2000 CHANGES . . . . .   | 485,277            | 19            |
| <b>FY 2000 PRESIDENT'S BUDGET . . . . .</b>   | <b>8,104,774</b>   | <b>95,767</b> |

**Highlights of FY 1999 Budget Changes**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Transfer from Funds Appropriated to the President:</b> FY 1999 Emergency<br>Supplemental Appropriation for correcting the Year 2000 conversion of Federal<br>Information Technology Systems (not added to FY 1999 total).     | 483,300            | ---           |
| <b>Transfer to TIGTA:</b> Resources are transferred to the newly established Treasury<br>Inspector General for Tax Administration from the IRS Inspection activity as provided<br>for in P.L. 105-206 (-\$107,356 and -984 FTE). | -107,356           | -984          |
| <b>Reprogramming:</b> Reflects net effect of reprogramming funds to cover unanticipated<br>support costs and labor costs over and above the FY 1999 pay raise (\$0<br>and -2,586 FTE).   | —                  | -2,586        |

*INTERNAL REVENUE SERVICE*

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>   |                    |               |
| <b>Program Changes:</b> Funds are requested for program increases associated with the IRS Restructuring and Reform Act of 1998 (\$197,048 and 500 FTE) comprised of: 1) Customer Service Training (\$17,048 and 0 FTE); 2) IRS Restructuring and Reform (\$40,000 and 500 FTE); 3) Organizational Modernization (\$140,000 and 0 FTE). In addition funding is requested for Year 2000 Conversion funding (\$250,426 and 239 FTE); and 5) a reduction is necessary to cover absorption of non-labor mandatory costs increases (-\$50,566 and - 580 FTE). | 396,908            | 159           |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay raise (\$56,228 and 0 FTE); 2) the proposed January 2000 pay raise (\$192,575 and 0 FTE); and 3) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$50,566 and 0 FTE).   | 299,369            | ---           |
| <b>Reductions, Non-Recurring Costs, and Savings:</b> Decreases are proposed for non-recurring of funds associated with the prior year Information Technology Investment (-\$211,000 and 0 FTE) and a decrease in FTE as a result of a base reprogramming (\$0 and -140 FTE).  | -211,000           | -140          |



**UNITED STATES SECRET SERVICE  
SALARIES AND EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) . . . . .                                     | 600,302            | 5,014         |
| FY 1999 APPROPRIATION (P.L. 105-277, Title II) . . . . .                           | 80,808             | 132           |
| [TRANSFER (P.L. 105-277, Title III) --Y2K Emergency (not added to total) . . . . . | 3,000              | ---]          |
| FY 1999 PROPOSED AUTHORIZED LEVEL . . . . .  | 681,110            | 5,146         |
| CHANGES PROPOSED FOR FY 2000:  |                    |               |
| ! Program Changes . . . . .  | -390               | -197          |
| ! Program Annualization . . . . .  |                    | 126           |
| ! Adjustments for Mandatory Cost Increases . . . . .                               | 39,152             | ---           |
| ! Transfer Out to TFF . . . . .  | -24,000            | ---           |
| ! Transfer In of NARA Mandatory Costs . . . . .                                    | 7                  | ---           |
| ! Transfer In from VCRTF . . . . .   | 5,000              | 28            |
| ! Reductions, Non-Recurring Costs, and Savings . . . . .                           | -39,567            | —             |
| TOTAL FY 2000 CHANGES . . . . .  | -19,798            | -43           |
| <b>FY 2000 PRESIDENT'S BUDGET . . . . .</b>  | <b>661,312</b>     | <b>5,103</b>  |

**VIOLENT CRIME REDUCTION TRUST FUND( VCRTF)**

|                            |               |           |
|----------------------------|---------------|-----------|
| <b>! FY 1999 . . . . .</b> | <b>22,628</b> | <b>48</b> |
| <b>! FY 2000 . . . . .</b> | <b>3,196</b>  | <b>20</b> |

| Amount<br>(\$000s) | Direct<br>FTE |
|--------------------|---------------|
|--------------------|---------------|

**Highlights of FY 1999 Budget Changes**

|  |       |     |
|--|-------|-----|
| <i>Transfer from Funds Appropriated to the President: FY 1999 Emergency Supplemental Appropriation for correcting the Year 2000 conversion of Federal Information Technology Systems (not added to the FY 1999 total).</i> | 3,000 | --- |
|--|-------|-----|

**UNITED STATES SECRET SERVICE  
SALARIES AND EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>  |                    |               |
| <b>Program Changes:</b> Funds are requested for: 1) Protective Technical Security (\$2,014 and 4 FTE); 2) Permanent Protection and Equipment (\$5,854 and 19 FTE); 3) Work Space Program (\$5,922 and 0 FTE); 4) Program Reduction to cover the Absorption of Non-Labor Mandatory Cost Increases (-\$3,472 and -47 FTE); and 5) Program Reduction to cover the absorption of increased rent requirements and other mandatory costs related to the Headquarters Consolidation and Technical Service Division Relocation (-\$10,708 and -173 FTE). | -390               | -197          |
| <b>Program Annualization:</b> A program annualization is requested for FTE relating to the FY 1999 Emergency Supplemental. Funding is provided in the base (\$0 and 126 FTE).  | ---                | 126           |
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay increase (\$4,706 and 0 FTE); 2) the proposed January 2000 pay raise (\$11,881 and 0 FTE); 3) other labor-related benefits (\$8,392 and 0 FTE); 4) non-labor items such as contracts, travel, supplies, equipment, and GSA rent adjustments for newly occupied space and security surcharges (\$14,173 and 0 FTE).  | 39,152             | ---           |
| <b>Transfer from NARA:</b> Transfer-in of mandatory costs associated with the switch of the National Archives and Records Administration from a direct funded to a reimbursable program (\$7 and 0 FTE).   | 7                  | ---           |
| <b>Transfer In:</b> Transfer in costs associated with Anti-Counterfeiting efforts previously funded in the VCRTF account (\$5,000 and 28 FTE).   | 5,000              | 28            |
| <b>Transfer Out of Costs to SuperSurplus Forfeiture Fund:</b> Transfers are proposed for: 1) FY 1999 Emergency Supplemental recurring costs (-\$23,000 and 0 FTE); and 2) base funding (-\$1,000 and 0 FTE).   | -24,000            | ---           |
| <b>Reductions, Non-recurring Costs, and Savings:</b> Decrease are proposed for: 1) FY 1999 Emergency Supplemental non-recurring costs (-\$27,171 and 0 FTE); 2) Protective Travel (-\$10,000 and 0 FTE); and 3) forced moves and other non-recurring costs (-\$2,396 and 0 FTE).   | -39,567            | ---           |

**UNITED STATES SECRET SERVICE**  
**ACQUISITION, CONSTRUCTION, IMPROVEMENTS AND RELATED EXPENSES**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....           | 8,068              | ---           |
| CHANGES PROPOSED FOR FY 2000:                        |                    |               |
| ! Reductions, Non-Recurring Costs, and Savings ..... | -3,145             | ---           |
| TOTAL FY 2000 CHANGES .....                          | -3,145             | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>              | <b>4,923</b>       | <b>---</b>    |

**Highlights of FY 2000 Budget Changes**

|  |                             |        |   |
|--|-----------------------------|--------|---|
| <b>Reductions, Non-recurring Costs, and Savings:</b> | Decreases are proposed for: | -3,145 | — |
| Headquarters Consolidation (-\$3,145 and 0 FTE).     |                             |        |   |

**INTERAGENCY CRIME AND DRUG ENFORCEMENT**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) ..... | 51,900             | ---           |
| CHANGES PROPOSED FOR FY 2000:              |                    |               |
| ! Transfer Out .....                       | -25,716            | ---           |
| TOTAL FY 2000 CHANGES .....                | -25,716            | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>    | <b>26,184</b>      | <b>---</b>    |

**VIOLENT CRIME REDUCTION TRUST FUND (VCRTF)**

|                 |        |     |
|-----------------|--------|-----|
| ! FY 1999 ..... | 24,000 | --- |
| ! FY 2000 ..... | 49,716 | --- |

**Highlights of FY 2000 Budget Changes**

|   |         |     |
|---|---------|-----|
| <b>Transfer Out:</b> A decrease in the direct base and transfer to VCRTF is requested, because the Interagency Crime and Drug Enforcement program most directly relates to violent crime reduction (-\$25,716 and 0 FTE). | -25,716 | --- |
|---|---------|-----|

**Treasury Bureau Funding Summary (Total Direct and VCRTF)**

|   | <b><u>FY 1999</u></b> | <b><u>FY 2000</u></b> |
|---|-----------------------|-----------------------|
| Internal Revenue Service .....                | 37,016                | 37,016                |
| Bureau of Alcohol, Tobacco and Firearms ..... | 10,237                | 10,237                |
| U.S. Customs Service .....                    | 28,017                | 28,017                |
| Departmental Offices .....                    | 630                   | 630                   |
| <b>Total FY 2000 .....</b>                    | <b>75,900</b>         | <b>75,900</b>         |

**COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) ..... | 95,000             | 45            |
| CHANGES PROPOSED FOR FY 2000:              |                    |               |
| ! Program Changes .....                    | 30,000             | 5             |
| TOTAL FY 2000 CHANGES .....                | 30,000             | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>    | <b>125,000</b>     | <b>50</b>     |

**Highlights of FY 2000 Budget Changes**

|  |        |   |
|--|--------|---|
| <b>Program Changes:</b> Funds are requested for: 1) the proposed Program for Investment in Microentrepreneurs (PRIME) (\$15,000 and 5 FTE); and 2) the continuation and enhancement of the Fund's mission related mandates (\$15,000 and 0 FTE). | 30,000 | 5 |
|--|--------|---|

**COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) ..... | 10,000             | ---           |
| CHANGES PROPOSED FOR FY 2000:              |                    |               |
| ! Program Changes .....                    | 7,000              | ---           |
| TOTAL FY 2000 CHANGES .....                | 7,000              | ---           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>    | <b>17,000</b>      | <b>---</b>    |

**Highlights of FY 2000 Budget Changes**

|   |       |   |
|---|-------|---|
| <b>Program Changes:</b> Funds are requested to enhance ability to provide technical assistance, grants, loans, loan guarantees, and other financial assistance to both new and existing businesses within communities that suffer job losses as a result of changing trade patterns with Canada and Mexico (\$7,000 and 0 FTE). | 7,000 | — |
|---|-------|---|

**EARNED INCOME TAX CREDIT COMPLIANCE INITIATIVE**  
*(Outside the Discretionary Caps)*

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....       | 143,000            | 2,184         |
| ! Reprogramming (FTE only) .....                 | ---                | -212          |
| FY 1999 PROPOSED AUTHORIZED LEVEL .....          | 143,000            | 1,972         |
| CHANGES PROPOSED FOR FY 2000:                    |                    |               |
| ! Adjustments for Mandatory Cost Increases ..... | 1,000              | ---           |
| ! Base Realignment .....                         | ---                | 123           |
| ! TOTAL FY 2000 CHANGES .....                    | 1,000              | 123           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>          | <b>144,000</b>     | <b>2,095</b>  |

**Highlights of FY 1999 Budget Changes**

|   |     |      |
|---|-----|------|
| <b>Reprogramming:</b> Reflects net effect of reprogramming funds to cover unanticipated support costs (\$0 and -212 FTE). | --- | -212 |
|---|-----|------|

**Highlights of FY 2000 Budget Changes**

|  |       |     |
|--|-------|-----|
| <b>Adjustments for Mandatory Cost Increases:</b> Funds are requested for: 1) the FY 2000 costs of the January 1999 pay raise (\$250 and 0 FTE); and 2) the proposed January FY 2000 pay raise (\$750 and 0 FTE). | 1,000 | --- |
|--|-------|-----|

|  |     |     |
|--|-----|-----|
| <b>Base Realignment:</b> Net FTE increase as a result of realigning the base to change the employee mix (\$0 and 123 FTE). | --- | 123 |
|--|-----|-----|

**VIOLENT CRIME REDUCTION TRUST FUND  
TREASURY PROGRAM**

|  | Amount<br>(\$000s) | Direct<br>FTE |
|--|--------------------|---------------|
| FY 1999 APPROPRIATION (P.L. 105-277) .....           | 129,500            | 72            |
| CHANGES PROPOSED FOR FY 2000:                        |                    |               |
| ! Program Changes .....                              | -685               | ---           |
| ! Program Annualizations .....                       | 263                | ---           |
| ! Adjustments for Mandatory Cost Increases .....     | 115                | ---           |
| ! Transfer In .....                                  | 85,716             | ---           |
| ! Transfer Out .....                                 | -20,032            | ---           |
| ! Reductions, Non-Recurring Costs, and Savings ..... | -62,750            | -28           |
| TOTAL FY 2000 CHANGES .....                          | 2,627              | -28           |
| <b>FY 2000 PRESIDENT'S BUDGET .....</b>              | <b>132,127</b>     | <b>44</b>     |

|   | Amount<br>(\$000s) | Direct<br>FTE |
|---|--------------------|---------------|
| <b>Highlights of FY 2000 Budget Changes</b>   |                    |               |
| <b>Program Changes:</b> Funds are requested for a FinCEN initiative to Enhance the Electronic Filing of SARS (\$200 and 0 FTE) and reduced for Customs' programs (-\$885 and 0 FTE)   | -685               | ---           |
| <b>Program Annualizations:</b> Funds are requested for FinCEN's Gateway System and Secure Outreach Network (\$263 and 0 FTE).   | 263                | ---           |
| Adjustment for Mandatory Cost Increases: Funds are requested for non-labor items such as contracts, supplies and equipment (\$115 and 0 FTE)  | 115                | ---           |
| <b>Transfer In:</b> Transfers in are proposed from: 1) the Interagency Crime and Drug Enforcement (ICDE) programs as they directly relate to violent crime reduction (\$25,716 and 0 FTE); and 2) Customs Salaries and Expenses account (\$60,000 and 0 FTE).   | 85,716             | ---           |
| <b>Transfer Out:</b> Decreases are proposed, as follows: 1) USSS vehicle replacement to be funded with Treasury Forfeiture Funds (-\$6,700 and 0 FTE); 2) USSS anti-counterfeiting program transferred to the Salaries and Expenses account (-\$5,000 and -28 FTE); 3) USSS Campaign Nominee to be funded with Treasury Forfeiture Funds (\$7,732 and 0 FTE) and 4) FinCEN Gateway Program expansion transferred to the Salaries and Expenses account (-\$600 and 0 FTE). | -20,032            | -28           |



# Analysis of Fiscal Year 2000 President's Budget

## Bureau Highlights

(Dollars in Thousands)

|   |         |     |
|---|---------|-----|
| <p><b>Reductions, Non-recurring Costs, and Savings:</b> Decreases are proposed for:<br/> 1) ATF's GREAT cooperative agreements (-\$3,000 and 0 FTE); and Customs' programs (-\$59,750 and 0 FTE).</p> | -62,750 | --- |
|---|---------|-----|

**FY 1999 Y2K Funding From the Emergency Reserve**

| Account  | First Round Supplemental   |                    | Second Round Supplemental | Total to Date      |
|--|----------------------------|--------------------|---------------------------|--------------------|
|  | Earmarked in Appropriation | Additional Needs   |                           |                    |
| <b>Departmental Offices, S&amp;E</b>                           | \$1,240.0                  | ---                | ---                       | <b>\$1,240.0</b>   |
| <b>Department-wide Systems and Capital Investments Program</b> | \$2,760.0                  | ---                | \$37,403.0                | <b>\$40,163.0</b>  |
| <b>Financial Management Service</b>                            | \$6,000.0                  | ---                | ---                       | <b>\$6,000.0</b>   |
| <b>Alcohol, Tobacco, and Firearms</b>                          | \$5,000.0                  | ---                | \$2,665.0                 | <b>\$7,665.0</b>   |
| <b>U.S. Customs</b>  | ---                        | \$10,200.0         | ---                       | <b>\$10,200.0</b>  |
| <b>Bureau of the Public Debt</b>                               | \$1,000.0                  | ---                | ---                       | <b>\$1,000.0</b>   |
| <b>Internal Revenue Service *</b>                              | \$359,000.0                | \$124,000.0        | ---                       | <b>\$483,000.0</b> |
| <b>U. S. Secret Service</b>                                    | \$3,000.0                  | ---                | ---                       | <b>\$3,000.0</b>   |
| <b>Treasury Total</b>  | <b>\$378,000.0</b>         | <b>\$134,200.0</b> | <b>\$40,068.0</b>         | <b>\$552,268.0</b> |

## Treasury Forfeiture Fund Super Surplus Reimbursements

| Project Title                                   | FY 1998<br>Actual | FY 1999<br>Enacted | FY 2000<br>Proposed |
|---|-------------------|--------------------|---------------------|
| <b>Financial Crimes Enforcement Network:</b>    |                   |                    |                     |
| International Money Laundering Programs         | 2,100             | ---                | ---                 |
| Geographical Targeting Orders                   | 125               | ---                | ---                 |
| Money Services Business Regulation              | ---               | 2,500              | ---                 |
| Subtotal,                                       | 2,225             | 2,500              | 0                   |
| <b>Federal Law Enforcement Training Center</b>  |                   |                    |                     |
| Training Vehicles                               | ---               | 900                | 900                 |
| Chiller Construction                            | ---               | ---                | 4,600               |
| Subtotal,                                       | ---               | 900                | 5,500               |
| <b>Bureau of Alcohol, Tobacco and Firearms:</b> |                   |                    |                     |
| Firearms Tracking Initiatives                   | 6,000             | ---                | ---                 |
| Explosives Inspectors                           | 2,729             | ---                | ---                 |
| Firearms/Ammunition ID Guide                    | 250               | ---                | ---                 |
| YCGII - 2                                       | 9,500             | ---                | ---                 |
| Laboratory Equipment Modernization              | 600               | ---                | 3,800               |
| Safety Equipment                                | 350               | ---                | ---                 |
| CEASEFIRE Program (IBIS)                        | 600               | 4,000              | 3,000               |
| Mobile Radios/Vehicles                          | 300               | 4,000              | 6,300               |
| Contact Transcription and Translation           | 100               | ---                | ---                 |
| Canine Explosives Detection                     |                   | 1,000              | 1,000               |
| Post-Incident Investigations                    |                   | 3,600              | 3,600               |
| Arson and Explosives Repository                 |                   | 1,600              | 1,608               |
| Building Security Annualization                 |                   |                    | 639                 |
| Reimbursement in lieu of direct funding         |                   |                    | 1,000               |
| Subtotal,                                       | 20,429            | 14,200             | 20,947              |
| <b>United States Customs Service:</b>           |                   |                    |                     |
| Agent rotation/relocation                       | 5,000             | ---                | ---                 |
| Vehicles  | 3,000             | 1,500              | 8,600               |
| Outbound Lane Canopies                          | ---               | 1,000              | ---                 |
| Corpus Christi P-3 Hangar                       | ---               | 5,512              | ---                 |
| Global Transpark Information Network            | ---               | 1,500              | ---                 |
| Base Equipment Requirements                     | 2,000             | ---                | 25,400              |
| Vault Security Project                          | 500               | ---                | ---                 |
| Reimbursement in lieu of direct funding         | ---               | ---                | 1,000               |
| Subtotal,                                       | 10,500            | 9,512              | 35,000              |
| <b>Internal Revenue Service</b>                 |                   |                    |                     |
| Wide Area Network                               | 2,400             | ---                | ---                 |
| Investigative Equipment                         | 1,000             | ---                | ---                 |
| Electronic/Technical Equipment & Training       | 505               | ---                | ---                 |
| Macintosh Data Recovery                         | 69                | ---                | ---                 |
| Personnel Relocation Cost                       | 750               | ---                | ---                 |
| Vehicles/Radios                                 | ---               | 2,000              | 1,003               |
| Subtotal,                                       | 4,724             | 2,000              | 1,003               |

| Project Title   | FY 1998<br>Actual | FY 1999<br>Enacted | FY 2000<br>Proposed |
|---|-------------------|--------------------|---------------------|
| <b>United States Secret Service:</b>                      |                   |                    |                     |
| Federal Law Enforcement Wireless Users Group              | 6,100             | 3,000              | ---                 |
| Financial Institution Fraud                               | 3,000             | ---                | ---                 |
| Maintenance Requirements for Rowley TC                    | 2,000             | ---                | ---                 |
| Investigative Equipment                                   | 1,100             | ---                | ---                 |
| Treasury Communications System                            | ---               | 3,700              | 3,700               |
| Armored Limousines  | ---               | 3,000              | ---                 |
| PC/Local Area Network                                     | ---               | 500                | 250                 |
| Uniformed Division Move                                   | ---               | 3,638              | ---                 |
| Countering Chemical/Biological Threat                     | ---               | ---                | 3,325               |
| Protective Technical Security                             | ---               | ---                | 1,843               |
| Standard Financial System                                 | ---               | ---                | 1,401               |
| Non-personnel Anti-Terrorism Supplemental Recurring Costs | ---               | ---                | 23,000              |
| Candidate Nominee Protection                              | ---               | ---                | 35,247              |
| Vehicle Replacement                                       | ---               | ---                | 6,700               |
| Reimbursement in lieu of direct funding                   | ---               | ---                | 1,000               |
| Subtotal,   | 12,200            | 13,838             | 76,466              |
| <b>Other</b>  |                   |                    |                     |
| FLEWUG  | ---               | ---                | 3,000               |
| Y2K   | 3,585             | ---                | ---                 |
| Subtotal,   | 3,585             | ---                | 3,000               |
| <b>TOTAL, Treasury-wide</b>                               | <b>53,663</b>     | <b>42,950</b>      | <b>141,916</b>      |

\*\* The FY 2000 proposal includes funding from the Secretary's Enforcement Fund.

**Department of the Treasury**  
**FY 2000 President's Budget**  
**Initiative Annualizations and Mandatory Workload Increases**  
*(dollars in thousands)*

|   | Initiative Annualization |            |            | Mandatory Workload Increase |            |            |
|---|--------------------------|------------|------------|-----------------------------|------------|------------|
|   | \$                       | Direct FTE | Reimb. FTE | \$                          | Direct FTE | Reimb. FTE |
| <b><i>FinCEN</i></b>                                    |                          |            |            |                             |            |            |
| International Money Laundering Programs (PDD-42)        | 907                      | 4          | -4         |                             |            |            |
| Secure Outreach Program                                 | 439                      | 1          |            |                             |            |            |
| BSA for Money Service Business                          | 524                      | 5          | -3         |                             |            |            |
| Secure Outreach Annualization (VCRTF)                   | 177                      |            |            |                             |            |            |
| Law Enforcement Case Support                            |                          |            |            | 556                         | 5          |            |
| Regulatory Civil Enforcement Program                    |                          |            |            | 149                         | 1          |            |
| Enhance SARS and Other Database Analysis                |                          |            |            | 401                         | 4          |            |
| Gateway Expansion (VCRTF)                               | 86                       |            |            |                             |            |            |
| <b><i>FLETC</i></b>                                     |                          |            |            |                             |            |            |
| Mandatory Basic Training                                |                          |            |            | 5,439                       | 18         |            |
| <b><i>ATF</i></b>                                       |                          |            |            |                             |            |            |
| Youth Crime Gun   | 12,000                   | 81         |            |                             |            |            |
| <b><i>USCS</i></b>                                      |                          |            |            |                             |            |            |
| Operational Costs of Non-Intrusive Inspection Equipment | 1,425                    |            |            |                             |            |            |
| Operational Costs of Land Border Passenger Automation   | 8,100                    |            |            |                             |            |            |
| Operational Costs of Outbound Lane Canopies             | 146                      |            |            |                             |            |            |
| Maintenance of Vehicles                                 | 2,293                    |            |            |                             |            |            |
| Land Border Staffing                                    | 1,296                    | 80         |            |                             |            |            |
| Child Labor Staffing                                    | 11                       | 3          |            |                             |            |            |
| Narcotics and Money Laundering                          |                          | 27         |            |                             |            |            |
| Maintain Current ACS                                    |                          |            |            | 35,000                      |            |            |
| <b><i>USSS</i></b>                                      |                          |            |            |                             |            |            |
| Annualization of FTE related to FY 1999 Supplemental    |                          | 126        |            |                             |            |            |
| <b><i>DO</i></b>  |                          |            |            |                             |            |            |
| Tax Policy  | 157                      | 1          |            |                             |            |            |
| Enforcement   | 1,036                    | 10         |            |                             |            |            |
| International Affairs                                   | 252                      | 3          |            |                             |            |            |
| Tax Policy Enhancement                                  |                          |            |            | 424                         | 4          |            |
| International Affairs                                   |                          |            |            | 1,172                       | 14         |            |
| <b><i>OIG</i></b>                                       |                          |            |            |                             |            |            |
| Investigations Hiring                                   |                          |            |            | 1,301                       | 9          |            |
| <b><i>CAIP</i></b>                                      |                          |            |            |                             |            |            |
| Achieve FY 1999 President's Budget program scope        |                          |            |            | 7,000                       |            |            |
| <b><i>MINT</i></b>                                      |                          |            |            |                             |            |            |
| Program Increase  |                          |            |            |                             |            | 9          |
| <b><i>FMS</i></b>                                       |                          |            |            |                             |            |            |
| Payments Program Expansion                              |                          |            |            |                             |            | 2          |
| <b><i>OCC</i></b>                                       |                          |            |            |                             |            |            |
| Program Increase  |                          |            |            |                             |            | 26         |
| <b><i>Franchise Fund</i></b>                            |                          |            |            |                             |            |            |
| Program Increase  |                          |            |            |                             |            | 6          |
| <b>Total</b>  | <b>\$28,849</b>          | <b>341</b> | <b>(7)</b> | <b>\$51,442</b>             | <b>55</b>  | <b>43</b>  |

**DEPARTMENT OF THE TREASURY**  
**FY 2000 President's Budget**  
*(dollars in thousands)*

| BUREAUS/ACCOUNTS  | DO             | T-BARR         | SCIP           | OIG           | TIGTA          | FINCEN        | FLETC           | FMS            | ATF            | USCS             | BPD            | IRS              | USSS            | ICDE          | CDFI           | CAIP          | IATA           | Program<br>Total  | Dir. Approp.<br>Total |
|---|----------------|----------------|----------------|---------------|----------------|---------------|-----------------|----------------|----------------|------------------|----------------|------------------|-----------------|---------------|----------------|---------------|----------------|-------------------|-----------------------|
| <b>FY 1999 Appropriation w/ L.E. Supp.</b>                | <b>124,651</b> | <b>27,000</b>  | <b>28,690</b>  | <b>30,678</b> | ---            | <b>25,400</b> | <b>110,231</b>  | <b>196,490</b> | <b>557,574</b> | <b>2,100,725</b> | <b>172,100</b> | <b>7,726,853</b> | <b>711,806</b>  | <b>75,900</b> | <b>95,000</b>  | <b>10,000</b> | <b>1,500</b>   | <b>11,994,598</b> | <b>11,994,598</b>     |
| <b>Proposed Current Year Transfers</b>                    | ---            | ---            | ---            | (1,062)       | 108,418        | ---           | ---             | ---            | ---            | ---              | ---            | (107,356)        | ---             | ---           | ---            | ---           | ---            | ---               |                       |
| <b>FY 1999 Adjusted Base</b>                              | <b>124,651</b> | <b>27,000</b>  | <b>28,690</b>  | <b>29,616</b> | <b>108,418</b> | <b>25,400</b> | <b>110,231</b>  | <b>196,490</b> | <b>557,574</b> | <b>2,100,725</b> | <b>172,100</b> | <b>7,619,497</b> | <b>711,806</b>  | <b>75,900</b> | <b>95,000</b>  | <b>10,000</b> | <b>1,500</b>   | <b>11,994,598</b> | <b>11,994,598</b>     |
| Non-Recurring Costs - Operations                          | (1,500)        | ---            | (9,000)        | ---           | ---            | ---           | (3,683)         | ---            | (9,500)        | (277,000)        | ---            | ---              | (39,567)        | ---           | ---            | ---           | (1,500)        | (341,750)         | (341,750)             |
| Non-Recurring Costs - Capital                             | ---            | ---            | ---            | ---           | ---            | ---           | (20,235)        | ---            | ---            | (7,000)          | ---            | (211,000)        | (3,145)         | ---           | ---            | ---           | ---            | (241,380)         | (241,380)             |
| Non-Recurring Costs - Crime Bill                          | ---            | ---            | ---            | ---           | ---            | ---           | ---             | ---            | ---            | (59,750)         | ---            | ---              | ---             | ---           | ---            | ---           | ---            | (59,750)          | (59,750)              |
| <b>One-Time Costs/Savings</b>                             | <b>(1,500)</b> | ---            | <b>(9,000)</b> | ---           | ---            | ---           | <b>(23,918)</b> | ---            | <b>(9,500)</b> | <b>(343,750)</b> | ---            | <b>(211,000)</b> | <b>(42,712)</b> | ---           | ---            | ---           | <b>(1,500)</b> | <b>(642,880)</b>  | <b>(642,880)</b>      |
| Maintain Current Levels of Service                        | 7,572          | ---            | ---            | 867           | 3,416          | 705           | 2,521           | 8,570          | 16,437         | 65,145           | 4,916          | 243,141          | 34,446          | ---           | ---            | ---           | ---            | 387,736           | 387,736               |
| Pay Annualizations  | 866            | ---            | ---            | 233           | 867            | 137           | 393             | 1,266          | 3,329          | 12,638           | 836            | 56,228           | 4,706           | ---           | ---            | ---           | ---            | 81,499            | 81,499                |
| Initiative Annualizations                                 | 1,445          | ---            | ---            | ---           | ---            | 2,133         | ---             | ---            | 12,000         | 13,271           | ---            | ---              | ---             | ---           | ---            | ---           | ---            | 28,849            | 28,849                |
| <b>Inflation Type Increases</b>                           | <b>9,883</b>   | ---            | ---            | <b>1,100</b>  | <b>4,283</b>   | <b>2,975</b>  | <b>2,914</b>    | <b>9,836</b>   | <b>31,766</b>  | <b>91,054</b>    | <b>5,752</b>   | <b>299,369</b>   | <b>39,152</b>   | ---           | ---            | ---           | ---            | <b>498,084</b>    | <b>498,084</b>        |
| Mandatory Workload Increase                               | 1,596          | ---            | ---            | 1,301         | ---            | 1,106         | 5,439           | ---            | ---            | 35,000           | ---            | ---              | ---             | ---           | ---            | 7,000         | ---            | 51,442            | 51,442                |
| Transfers In  | ---            | ---            | ---            | ---           | ---            | 600           | ---             | 500            | 43             | 69,337           | 100            | ---              | 5,007           | 25,716        | ---            | ---           | ---            | 101,303           | 101,303               |
| Transfers Out   | ---            | ---            | (5,400)        | ---           | ---            | (600)         | ---             | ---            | (6,000)        | (77,271)         | ---            | ---              | (43,432)        | (25,716)      | ---            | ---           | ---            | (158,419)         | (158,419)             |
| <b>Workload Adjustments/Transfers</b>                     | <b>1,596</b>   | ---            | <b>(5,400)</b> | <b>1,301</b>  | ---            | <b>1,106</b>  | <b>5,439</b>    | <b>500</b>     | <b>(5,957)</b> | <b>27,066</b>    | <b>100</b>     | ---              | <b>(38,425)</b> | ---           | ---            | <b>7,000</b>  | ---            | <b>(5,674)</b>    | <b>(5,674)</b>        |
| Base Program Reduction                                    | ---            | (4,000)        | ---            | ---           | ---            | ---           | ---             | ---            | (3,000)        | ---              | ---            | ---              | ---             | ---           | ---            | ---           | ---            | (7,000)           | (7,000)               |
| Re-Applications (-)                                       | ---            | ---            | ---            | ---           | ---            | ---           | ---             | (3,650)        | ---            | ---              | ---            | (124,640)        | ---             | ---           | ---            | ---           | ---            | (128,290)         | (128,290)             |
| Re-Applications (+)                                       | ---            | ---            | ---            | ---           | ---            | ---           | ---             | 3,550          | ---            | ---              | ---            | 124,640          | ---             | ---           | ---            | ---           | ---            | 128,190           | 128,190               |
| <b>Re-Applications</b>                                    | ---            | <b>(4,000)</b> | ---            | ---           | ---            | ---           | ---             | <b>(100)</b>   | <b>(3,000)</b> | ---              | ---            | ---              | ---             | ---           | ---            | ---           | ---            | <b>(7,100)</b>    | <b>(7,100)</b>        |
| <b>SuperSurplus Forfeiture Fund</b>                       | ---            | ---            | <b>3,000</b>   | ---           | ---            | ---           | <b>900</b>      | ---            | <b>17,147</b>  | <b>26,400</b>    | ---            | <b>1,003</b>     | <b>70,147</b>   | ---           | ---            | ---           | ---            | <b>118,597</b>    |                       |
| <b>FY 2000 Current Services Program Level</b>             | <b>134,630</b> | <b>23,000</b>  | <b>17,290</b>  | <b>32,017</b> | <b>112,701</b> | <b>29,481</b> | <b>95,566</b>   | <b>206,726</b> | <b>588,030</b> | <b>1,901,495</b> | <b>177,952</b> | <b>7,708,869</b> | <b>739,968</b>  | <b>75,900</b> | <b>95,000</b>  | <b>17,000</b> | ---            | <b>11,955,625</b> | <b>11,837,028</b>     |
| <b>Program Reductions</b>                                 | ---            | ---            | ---            | ---           | (494)          | ---           | (652)           | (4,056)        | (3,133)        | (5,810)          | (1,033)        | (50,566)         | (14,180)        | ---           | ---            | ---           | ---            | (79,924)          | (79,924)              |
| <b>Program Initiatives</b>                                | ---            | ---            | 39,271         | ---           | ---            | 200           | 13,832          | ---            | 45,109         | 25,450           | 900            | 447,474          | 13,790          | ---           | 30,000         | ---           | ---            | 616,026           | 616,026               |
| <b>Forfeiture Fund Initiatives</b>                        | ---            | ---            | ---            | ---           | ---            | ---           | 4,600           | ---            | 3,800          | 8,600            | ---            | ---              | 6,319           | ---           | ---            | ---           | ---            | 23,319            | ---                   |
| <b>FY 2000 Program Level</b>                              | <b>134,630</b> | <b>23,000</b>  | <b>56,561</b>  | <b>32,017</b> | <b>112,207</b> | <b>29,681</b> | <b>113,346</b>  | <b>202,670</b> | <b>633,806</b> | <b>1,929,735</b> | <b>177,819</b> | <b>8,105,777</b> | <b>745,897</b>  | <b>75,900</b> | <b>125,000</b> | <b>17,000</b> | ---            | <b>12,515,046</b> | <b>12,373,130</b>     |
| <b>Less Reductions Replaced by Reimbrs'mnts</b>           | ---            | ---            | ---            | ---           | ---            | ---           | ---             | ---            | ---            | (312,400)        | ---            | ---              | ---             | ---           | ---            | ---           | ---            | (312,400)         | (312,400)             |
| <b>Less Forfeiture Fund</b>                               | ---            | ---            | (3,000)        | ---           | ---            | ---           | (5,500)         | ---            | (20,947)       | (35,000)         | ---            | (1,003)          | (76,466)        | ---           | ---            | ---           | ---            | (141,916)         | ---                   |
| <b>FY 2000 President's Request (Dir. App.)</b>            | <b>134,630</b> | <b>23,000</b>  | <b>53,561</b>  | <b>32,017</b> | <b>112,207</b> | <b>29,681</b> | <b>107,846</b>  | <b>202,670</b> | <b>612,859</b> | <b>1,582,335</b> | <b>177,819</b> | <b>8,104,774</b> | <b>669,431</b>  | <b>75,900</b> | <b>125,000</b> | <b>17,000</b> | ---            | <b>12,060,730</b> | <b>12,060,730</b>     |
| <b>Earned Income Tax Credit Compl.<br/>(Outside Caps)</b> |                |                |                |               |                |               |                 |                |                |                  |                | 144,000          |                 |               |                |               |                | 144,000           | 144,000               |
| <b>FY 2000 President's Request (Dir. App.)</b>            | <b>134,630</b> | <b>23,000</b>  | <b>53,561</b>  | <b>32,017</b> | <b>112,207</b> | <b>29,681</b> | <b>107,846</b>  | <b>202,670</b> | <b>612,859</b> | <b>1,582,335</b> | <b>177,819</b> | <b>8,248,774</b> | <b>669,431</b>  | <b>75,900</b> | <b>125,000</b> | <b>17,000</b> | ---            | <b>12,204,730</b> | <b>12,204,730</b>     |

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## DEPARTMENT OF THE TREASURY

### TOTAL TREASURY DEPARTMENT BUDGET

Treasury's FY 2000 budget request covers the following areas:

**! INTEREST PAYMENTS -- \$352.3 billion**

These are funds for interest payments needed to finance the public debt (\$346.5 billion); interest payments by the IRS on refunds of taxes to taxpayers (\$3.0 billion); and selected interest payments on special accounts handled through the Treasury (\$2.8 billion).

**! PERMANENT AUTHORITY APPROPRIATIONS AND TRUST FUNDS -- \$31.9 billion**

These are funds for special accounts for which the Congress has given the Department permanent authority to expend appropriations. These accounts include primarily repayments of taxes collected for Puerto Rico, payments made when the earned income credit exceeds the taxpayer's tax liability, payments to the Resolution Funding Corporation, reimbursements to Federal Reserve Banks, special claims and damage payments required as a result of judgments against the U.S. government, and payments to Presidential candidates and their parties in accordance with Federal Election Commission certification.

**! OFFSETTING COLLECTIONS -- -\$17.4 billion**

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

**! ANNUAL OPERATING APPROPRIATIONS [FUNDING FOR ALL TREASURY BUREAUS] -- \$12.2 billion**

These are funds for the Treasury bureaus' activities. Funding for these require appropriation action by the Congress. Details of bureau operating budgets are provided in the section titled, "Analysis of FY 2000 President's Budget."

**DEPARTMENT OF THE TREASURY**  
**FUNDING LEVELS IN THE FY 2000 PRESIDENT'S BUDGET 1/**  
*(dollars in millions)*

|   | <b>FY 1998<br/>Enacted</b> | <b>FY 1999<br/>Enacted</b> | <b>FY 2000<br/>Request</b> | <b>Percent<br/>Increase/<br/>Decrease</b> |
|---|----------------------------|----------------------------|----------------------------|---|
| <b>ANNUAL APPROPRIATIONS.....</b>                     | <b>11,473</b>              | <b>12,138</b>              | <b>12,205</b>              | <b>0.6%</b>                               |
| <b>INTEREST PAYMENTS:</b>                             |                            |                            |                            |   |
| Interest on Public Debt.....                          | 363,824                    | 353,429                    | 346,504                    | -2.0%                                     |
| Refunding Internal Revenue Collections, Interest..... | 2,599                      | 2,904                      | 3,036                      | 4.5%                                      |
| Interest on Uninvested Funds.....                     | 8                          | 4                          | 4                          | ---                                       |
| Net Interest Paid to Loan Guar. Fin. Accts.....       | 3,435                      | 2,693                      | 2,773                      | 3.0%                                      |
| Fed. Interest Liabilities to State.....               | 7                          | 15                         | 14                         | -6.7%                                     |
| <b>Subtotal, INTEREST PAYMENTS.....</b>               | <b>369,873</b>             | <b>359,045</b>             | <b>352,331</b>             | <b>-1.9%</b>                              |
| <b>TRUST FUNDS AND OTHER:</b>                         |                            |                            |                            |   |
| Federal Financing Bank.....                           | 3,081                      | 1,300                      | 31                         | -97.6%                                    |
| Payments to Farm Credit System.....                   | 8                          | 3                          | ---                        | -100.0%                                   |
| Payment to Resolution Funding Corp.....               | 2,328                      | 2,328                      | 2,328                      | ---                                       |
| Litigation Expenses from FSLIC Resolution Fund.....   | 34                         | ---                        | ---                        | ---                                       |
| Check Forgery Insurance Fund.....                     | 5                          | 3                          | 3                          | ---                                       |
| Ref., Trans., & Exp. Abandoned Goods.....             | 5                          | 7                          | 7                          | ---                                       |
| <b>Subtotal, TRUST FUNDS AND OTHER.....</b>           | <b>5,461</b>               | <b>3,641</b>               | <b>2,369</b>               | <b>-34.9%</b>                             |
| <b>PERMANENT AUTHORITY APPROPRIATIONS:</b>            |                            |                            |                            |   |
| Pres. Election Campaign Fund.....                     | 63                         | 63                         | 63                         | ---                                       |
| Sallie Mae Assessments.....                           | ---                        | 1                          | 1                          | ---                                       |
| Customs Services at Small Airports.....               | 1                          | 2                          | 2                          | ---                                       |
| Treasury Forfeiture Fund.....                         | 295                        | 233                        | 190                        | -18.5%                                    |
| Claims, Judgements & Relief Acts.....                 | 678                        | 764                        | 712                        | -6.8%                                     |
| Federal Reserve Bank Reimbursement by --              |                            |                            |                            |   |
| FMS.....  | 122                        | 124                        | 127                        | 2.4%                                      |
| BPD.....  | 135                        | 139                        | 169                        | 21.6%                                     |
| Government Losses in Shipment.....                    | 1                          | 1                          | 1                          | ---                                       |
| Collection of Taxes for Puerto Rico by --             |                            |                            |                            |   |
| ATF.....  | 230                        | 217                        | 217                        | ---                                       |
| USCS.....   | 112                        | 111                        | 112                        | 0.9%                                      |
| COBRA.....  | 336                        | 317                        | 375                        | 18.3%                                     |
| IRS New and Existing Fees.....                        | 104                        | 111                        | 107                        | -3.6%                                     |
| Payment where Child Credit exceeds liab. for tax..... | ---                        | 415                        | 534                        | 28.7%                                     |
| Payment where EIC exceeds liability for tax.....      | 23,239                     | 26,273                     | 26,878                     | 2.3%                                      |
| Contrib. for Annuity Benefits.....                    | 72                         | 80                         | 80                         | ---                                       |
| <b>Subtotal, PERMANENT AUTH. APPROP.....</b>          | <b>25,388</b>              | <b>28,851</b>              | <b>29,568</b>              | <b>2.5%</b>                               |
| <b>OFFSETTING COLLECTIONS.....</b>                    | <b>(19,592)</b>            | <b>(16,591)</b>            | <b>(17,363)</b>            | <b>4.7%</b>                               |
| <b>TOTAL, DEPARTMENT OF THE TREASURY....</b>          | <b>392,603</b>             | <b>387,084</b>             | <b>379,110</b>             | <b>-2.1%</b>                              |

1/ This chart does not include funding associated with legislative proposals.



## DETAIL OF OTHER ACCOUNTS

### INTEREST PAYMENTS

#### ! INTEREST ON THE PUBLIC DEBT:

The Government's current deficit and outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes, and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation. This appropriation is permanent, indefinite, meaning that an annual appropriation request is not required to obtain this budget authority.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (which includes foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to Federal Government trust funds, revolving funds and deposit funds.

The Federal Government both pays and receives interest and in some cases pays itself. As a result, a better picture of the Federal Government's interest cost is seen in net interest outlay estimates, comprised of:

- P Interest on the public debt, plus interest on tax collection refunds; and
- P Interest collections from Federal agencies and the public (interest on loans to the Federal Financing Bank is the largest item of offsetting interest collections), and interest received by Federal trust funds for securities held by these funds.

#### ! INTEREST ON IRS REFUNDS:

Under certain conditions set forth in the tax law, IRS must pay interest on Internal Revenue collections which must be refunded -- amended returns, delayed refunds of more than 45 days from the due date of the return, corporation losses covering prior year returns, results of tax audits, etc. The rate of interest changes every three months to reflect the prime interest rate then in effect.

#### ! INTEREST ON UNINVESTED FUNDS:

Under conditions of the law creating each trust account, interest accruing and payable from the general fund of the Treasury is appropriated for payment to the proper fund receipt accounts.

#### ! NET INTEREST PAID TO LOAN GUARANTEE FINANCING ACCOUNTS:

Loan guarantee financing accounts receive various payments and fees and make payment on defaults. When cash balances result from an excess of receipts over outlays, these balances are deposited with Treasury and earn interest. This account pays such interest to credit loan guarantee financing accounts from the general fund of the Treasury in accordance with Section 505© of the Federal Credit Reform Act of 1990.

#### ! FEDERAL INTEREST LIABILITIES TO THE STATES:

As provided in U.S.C. 3335, U.S.C. 6503, and 31 C.F.R. 205, interest is paid to states when Federal funds are not transferred timely. Further, states are reimbursed for specific costs.

### TRUST FUNDS AND OTHER

#### ! FEDERAL FINANCING BANK:

The Federal Financing Bank (FFB) was created in 1973 to ensure the coordination of Federal and federally assisted borrowing from the public in a manner least disruptive to private financial markets and institutions. FFB loans are now used primarily to finance direct agency activities such as resolution of failed thrift institutions by

the deposit insurance agencies, construction of Federal buildings by the General Services Administration, and meeting the financial requirements of the U.S. Postal Service. The FY 1999 budget provided funding to liquidate the FFB's accumulated deficit that resulted when FFB paid a prepayment premium on the underlying obligations to the Treasury Department while FFB borrowers were allowed to prepay at par.

**! PAYMENTS TO FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION:**

The Agricultural Credit Act of 1987 (Public Law 100-233) authorized such sums as necessary to be appropriated to the Secretary of the Treasury for payment to the Farm Credit System Financial Assistance Corporation (FAC).

Treasury payments annually reimburse the FAC for interest expense on FAC debt, which is authorized to be issued through 1993. Treasury is authorized to pay all or part of FAC interest for the first ten years on each 15-year FAC debt issuance. Debt proceeds are used to provide assistance to financially troubled Farm Credit System lending institutions.

**! PAYMENT TO RESOLUTION FUNDING CORPORATION:**

The Financial Institutions reform, recovery, and Enforcement Act of 1989 authorized and appropriated to the Secretary of the Treasury, for fiscal year 1989 and thereafter, such sums as may be necessary to cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise \$31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

**! LITIGATION EXPENSES FROM FSLIC RESOLUTION FUND:**

In 1998, the Secretary of the Treasury was authorized to use funds made available to the FSLIC Resolution Fund to reimburse the Department of Justice for the reasonable expenses of litigation that were incurred in the defense of claims against the U.S. arising from FIRREA and its implementation.

**! CHECK FORGERY INSURANCE FUND:**

This fund was established as a permanent, indefinite appropriation in order to maintain adequate funding of the Check Forgery insurance Fund (Fund). The Fund will facilitate timely payments for replacement Treasury checks necessitated due to a claim of forgery. The fund will recoup disbursements through reclamations made against banks negotiating forged checks.

To reduce hardships sustained by payees of Government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorers of the checks through reclamation procedures by this office. If the U.S. Treasury is unable to recover funds, the account sustains the loss.

**! REFUNDS, TRANSFERS AND EXPENSES; UNCLAIMED AND ABANDONED GOODS:**

Unclaimed and abandoned goods are held in storage under Customs Service's custody for one year from the date of importation. At the end of that period, all merchandise upon which duties, storage and other charges have not been paid is appraised and sold at public auction. The expenses shown in this fund represent the net expenses associated with holding this merchandise after receipts from public auction.

**PERMANENT AUTHORITY APPROPRIATIONS**

**! PRESIDENTIAL ELECTION CAMPAIGN FUND:**

The fund supports payments to the candidates running for President during the primaries and the general election, as well as support of nominating conventions. Appropriations to the fund represent receipts from the Presidential Election check-off on taxpayers' income tax returns. Upon certification by the Federal Election Commission, payments are made for the above purposes. Major expenditures occur during the year of the Presidential election

-- appropriations shown represent collections from the check-off.

**! SALLIE MAE ASSESSMENTS:**

The Secretary of the Treasury is authorized by the FY 1997 Omnibus Consolidated Appropriations Act to establish and collect from the Sallie Mae Association an annual assessment of up to \$800,000 (adjusted for each fiscal year ending after September 30, 1997 by the CPI) to cover the expenses related to providing financial oversight of the Association.

**! CUSTOMS SERVICES AT SMALL AIRPORTS**

The Customs Service charges fees at certain small airports where the volume or value of business is insufficient to justify the availability of Customs services. The funds generated from these fees are applied to expenditures incurred in providing Customs services at each of these designated small airports. The Treasury, Postal Service, and General Government Appropriations Act of 1998 (Public Law 105-284) made permanent the provision that Customs services at small airports may be derived from fees collected.

**! TREASURY FORFEITURE FUND:**

The Treasury, Postal Service, and General Government Appropriation Act, 1993 (P.L. 102-393) established this permanent appropriation, to be used to pay for all seizures and forfeiture costs, similar to the Customs Forfeiture Fund. The Fund has two components, a permanent, indefinite appropriation for designated mandatory expenses and a discretionary appropriation, for other forfeiture-related expenses, funded from the Fund's receipts.

**! CLAIMS, JUDGMENTS AND RELIEF ACTS:**

Appropriations are made for payment of claims and interest for damages not chargeable to appropriations of individual agencies, and for payment of private and public relief acts. Public Law 95-26 authorized a permanent, indefinite appropriation to pay certain judgments from the general fund of the Treasury.

**! REIMBURSEMENT TO FEDERAL RESERVE BANKS:**

Legislation was enacted in FY 1992 (Public Law 101-509) establishing a permanent, indefinite appropriation to reimburse Federal Reserve Banks for their services as fiscal agents for the Bureau of the Public Debt beginning in FY 1994.

The FY 1998 Treasury Appropriation Act (P.L. 105-61) established, beginning in fiscal year 1998 and thereafter, a permanent, indefinite appropriation for the Financial Management Service to reimburse Federal Reserve Banks in their capacity as depositaries and fiscal agents for the United States for all services required or directed by the Secretary of the Treasury to be performed by such banks on behalf of the Treasury or other Federal agencies.

**! GOVERNMENT LOSSES IN SHIPMENT:**

Payments are made for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of shipments effected pursuant to section 1 of the Government Losses in Shipment Act, as amended.

**! DUTIES, TAXES AND FEES (PUERTO RICO):**

Both the U.S. Customs Service and the Bureau of Alcohol, Tobacco and Firearms collect duties and excise taxes for Puerto Rico. These funds are deposited in a receipt account in the Treasury. After the bureaus deduct their cost of collecting these funds, the balance is refunded back to Puerto Rico through this account, which is shown as a Treasury outlay. In total, the activity (receipts/outlays) generally balances to zero, although the repayment is required to be included in total Treasury expenditures.

**! CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985 (COBRA):**

COBRA established a user fee to cover the U.S. Customs Service's overtime cost for inspection. The fee is levied primarily as a \$6.50 per air passenger charge on those entering the country (reverting to \$5 in 1998 and excluding Canadian, Mexican, and Caribbean points of origin), but is also collected in varying amounts from different vessels and vehicles entering the United States. Fees are deposited in the Customs User Fee Account and are available without annual appropriation to reimburse the Customs Service's Salaries and Expenses appropriation.

**! INTERNAL REVENUE SERVICE - NEW AND EXISTING FEES:**

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS to increase receipts, where such fees are authorized by another law. The fees may be spent to supplement appropriations. This includes the fees collected to reimburse informants.

**! PAYMENT WHERE CHILD CREDIT EXCEEDS LIABILITY FOR TAX:**

The child credit (originally authorized under the Taxpayer Relief Act of 1997) calls for an additional payment to the tax filer. Only in those instances when the credit will exceed the amount of the tax liability owed through the individual income tax system.

**! PAYMENT WHERE CREDIT EXCEEDS TAX LIABILITY (EARNED INCOME CREDIT):**

The earned income credit (originally authorized under the Tax Reduction Act of 1975) calls for absolute tax credits to low income taxpayers who meet certain qualifications. Only when the tax credit exceeds the taxpayer's total liability for taxes is this account used, and then, only by the amount that the tax liability is exceeded.

**! CONTRIBUTION FOR ANNUITY BENEFITS:**

This fund reimburses the District of Columbia for benefit payments made from the revenue of the District of Columbia to or for members of the Secret Service Uniform Division under the Policemen and Firemen's Retirement and Disability Act (4 D.C. Code 521).

## OFFSETTING COLLECTIONS

In general, amounts collected by the Government are classified in two major categories:

- ! Governmental receipts - arise from the sovereign and regulatory powers unique to the Government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).
- ! Offsetting receipts - are all collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:
  - P *Proprietary Receipts* - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
  - P *Intra governmental Receipts* - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
    - *Interfund Receipts* - These are amounts derived from payments between Federal and trust funds.
    - *Intrafund Receipts* - These are amounts derived from payments within the same fund group (i.e., within the Federal fund group or within the trust fund group).
  - P *Offsetting Government Receipts* - These receipts are governmental in nature, since they offset agency budget authority and outlays, but they are required to be treated as offsetting receipts.

| <i>(dollars in billions)</i> |                           |                             |                             |
|------------------------------|---------------------------|-----------------------------|-----------------------------|
|                              | <b>FY 1998<br/>Actual</b> | <b>FY 1999<br/>Estimate</b> | <b>FY 2000<br/>Estimate</b> |
| Proprietary                  | 8.9                       | 9.9                         | 11.1                        |
| Interfund                    | 1.1                       | 1.1                         | 1.1                         |
| Intrafund                    | 8.4                       | 4.4                         | 3.9                         |
| Offsetting Governmental      | 1.2                       | 1.2                         | 1.3                         |
| <b>TOTAL</b>                 | <b>19.6</b>               | <b>16.6</b>                 | <b>17.4</b>                 |

## ANNUAL FINANCIAL MANAGEMENT PERFORMANCE PLAN FISCAL YEAR 2000

### OVERVIEW

The Department of the Treasury has made significant progress in improving financial management since the passage of the Chief Financial Officers (CFO) Act of 1990 and, as required by the CFO Act, previously documented these efforts in an annual, standalone Financial Management Status Report and Five-Year Plan. With the full requirements of the Government Performance and Results Act (GPRA) of 1993 taking hold for the Fiscal Year (FY) 1999 budget submission, Treasury has decided to assimilate all features of the standalone report into the various component pieces required by the GPRA. Specifically, the longer-term, financial management initiatives have been incorporated into the Treasurywide Strategic Plan for FY 1997-2002<sup>1</sup> and the related performance results for FY 1999 will be reported in both the Department's comprehensive FY 1999 Performance Report and the audited Treasurywide Accountability Report. The ensuing discussion constitutes the remaining GPRA requirement for an annual performance plan. It should be noted, however, that unlike most "directly linked" program budget accounts, the budget accounts for these financial management performance goals are not separate but embedded in the budgetary base.

The **FY 2000 -- Annual Financial Management Performance Plan** is, however, directly linked to the goal in the Treasurywide Strategic Plan to: **Continue to Build a Strong Institution** and grounded in the specific related management objective to: **Ensure Strong Financial Management of Treasury Accounts**. The Performance Plan was thoughtfully developed by the Treasury CFO Council members, with full bureau representation, using five implementation strategies. Under each strategy is the FY 2000 performance targets and criteria for measuring financial management progress at the Department level. Individual related progress and contributions to achieving these Departmental targets will also be measured at the bureau level.

The financial management vision statement and the FY 2000 performance strategies/goals are listed below. Also, following is a discussion of the financial management systems structure, the impediments to the submission of the required annual audited financial statements, and significant financial management accomplishments through FY 1998.

### VISION STATEMENT

Building a strong institution which ensures sound financial management and stewardship of all Treasury accounts.

### STRATEGIES AND GOALS

**Financial Systems Strategy -- Create fully integrated financial systems by standardizing core data elements Departmentwide and developing uniform integration policies, to enable all key Bureau financial data to be aggregated for improved analysis and decision making.**

- For FY 2000, implement the core data standards program recommendations which were developed in FY 1998. Treasury identified standardization of financial data throughout all bureaus as a priority. The recommendations are designed to facilitate the necessary changes in Treasury's financial data collection, analysis, and dissemination to promote standardization, efficiency and enhanced communication.
- Further, a related initiative will be undertaken to prepare a set of integration criteria for all new and existing financial and interactive program systems. Future adherence to this set of criteria will ensure that all Treasury systems comply with the Federal agency core financial systems requirements, emerging Year 2000 protocols, and Departmentwide data architecture standards.

Completion of the above performance targets will position Treasury financial managers to develop a sound, efficient strategy and methodology for guiding the transition from stovepipe to fully integrated financial systems. Not only will the accuracy, timeliness, and usefulness of financial data be improved by these efforts, the initiatives may also

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<sup>1</sup>See both the Departmental overview and bureau specific strategic plans.

lead to more cost-effective cross-servicing systems arrangements among Treasury bureaus and/or across other Federal agencies.

**Performance Management Strategy -- Align budget, performance measurement, and accounting data to produce a cohesive financial information framework that institutionalizes a fully integrated Departmental performance management system that includes budget and cost data in support of the decision making process.**

- For FY 2000, the initiative to identify “performance drivers”, as the Department moves from GPRA compliance to improved performance management (i.e., lower cost, better quality/delivery of services) is slated for completion.
- In addition, an effort will be made to increase staff capabilities for “value analysis” of performance/financial data, to improve both finance and program activities.

Completion of these performance targets will enable the Department’s financial and program managers to shift from compliance with statutes to improving performance. Also, by maintaining the proper alignment of all performance, accounting, and budgetary information, the increasing credibility of this data will facilitate the institutionalization of performance management across the Treasury Department.

**Financial Reporting Strategy -- Develop the systems capability and accounting methodology to provide accurate, timely, and unqualified audit opinions on Departmental financial statements, with full cost accumulation for all Treasury programs and activities, to facilitate internal analysis, resolve known high risk control issues, and external financial statement reporting.**

- For FY 2000, the performance target is to receive an unqualified audit opinion on the consolidated, Treasurywide financial statements which include both the administrative and custodial accounts. Achievement of this outcome necessitates the successful completion of audit work on all accounts that are considered by the Department’s Office of Inspector General (OIG) to be material to the Department’s statements, including the accounts of the Internal Revenue Service (IRS), the Bureau of Public Debt (BPD), and the Financial Management Service (FMS).
- Further, our intention is to submit both the Departmentwide audited Accountability Report for FY 2000 and the three required standalone audit reports for IRS, the United States Customs Service (USCS), and the Bureau of Alcohol, Tobacco and Firearms (ATF), to the Office of Management and Budget (OMB) by the statutorily mandated date of March 1, 2001.
- Finally, for FY 2000, the Treasury financial managers will continue to refine the reporting for the full cost of the Department’s major programs and activities, which will be presented in the Department’s Statement of Net Cost in the audited Accountability Report.

Completion of these performance targets will ensure the Department’s full compliance with the accounting and auditing requirements of the CFO Act and the Government Management and Reform Act (GMRA) of 1994. Treasury’s credibility as the central financial agency for the Federal Government will also be enhanced upon the achievement of these targets.

**Human Resources Strategy -- Develop a Departmentwide career development plan for financial management, budget and accounting personnel at different grade levels that defines and establishes training and education core competencies, certifications, and on-the-job experiences and promotes rotational assignments across the entire Treasury financial community.**

- For FY 2000, the performance targets revolve around training and recruitment of financial staff. Specifically, an initiative is planned to begin a phased implementation of an effective, entry level financial trainee program, which includes cross-bureau rotation to increase exposure to the many facets of Treasury financial management. A related effort will also be undertaken to develop an effective college level recruiting program that is sustainable in the current budgetary and downsizing environment.

- Working with the Government CFO Council, in FY 2000 Treasury will champion an effort to upgrade qualification standards for accountants and/or financial analysts to more closely match the expertise levels found in private sector financial institutions.

Completion of these performance targets will, over time, increase the competence levels of all Treasury financial staff and position the Department to deal with a more complex, technologically advanced financial management organization. Such enhanced analytical skills are necessary for Treasury's financial management team to achieve the desired transformation from processing financial transactions to becoming business partners with program directors, who need to make decisions utilizing real-time financial information.

**Leveraging Resources and Cross-Servicing Strategy -- Reduce the cost and/or improve the quality and delivery of financial services and/or program operations through the use of internal and external cross-servicing arrangements which leverage available resources.**

- For FY 2000, the performance plan calls for implementation of the recommendations identified and prioritized during a FY 1999 survey of Treasury operations where cross-servicing arrangements have the highest potential for savings. This initiative is predicated on the prior development in FY 1998 of cross-servicing quality standards and criteria, along with a catalog of potential cross-servicing providers/arrangements available to Federal agencies.

Completion of these performance targets will set the tone throughout the Department's financial management community for doing more with less. As staffing levels continue to decline, as well as available systems funding, the strategic leveraging of technology, cross-servicing, and outsourcing will become a necessity.

## ***PERFORMANCE PLAN SUMMARY***

Performance against the five aforementioned strategies will be measured quarterly throughout FY 2000, and in total for the end-of-year, GPRA required Performance Report. The Treasury CFO Council will also use the quarterly information to refine the action plans for each of the identified performance goals for FY 2000.

## **PLAN FOR FINANCIAL MANAGEMENT SYSTEMS STRUCTURE**

### ***OVERVIEW***

The Department of the Treasury is undertaking several initiatives to integrate its financial management systems to provide financial information that is timely, accurate, and relevant. These initiatives include implementing the CFO Vision™ software system, standardizing financial data at the Departmental level, and implementing a Departmentwide human resources system. As a result of this integration effort, the Department will be able to produce consolidated financial statements in a timely, accurate, and efficient manner. Treasury has developed a strategy for improving its current financial management system structure and has begun implementing this strategy. The target financial management systems structure will provide Treasury bureaus with the flexibility necessary to meet their unique business needs and will also provide the data standardization and integrated tools needed to meet the Department's reporting and financial management analysis needs.

This financial systems plan addresses the Department's current financial systems structure, its target structure, and the projects required to implement the target structure.



## I. **BASELINE**

### **An Overview of Treasury's Current Departmental Financial Management Systems Structure**

Treasury's current financial management systems structure embodies a two-tiered approach. Treasury bureaus maintain their own financial and mixed systems to support their unique business needs. The Department maintains a Treasurywide financial management data warehouse—the Treasury Information Executive Repository (TIER)—for meeting Departmental consolidation, analysis, and reporting requirements. TIER receives monthly data from the various bureau core financial systems and provides users with a universal and comprehensive view of data that are standardized and consolidated.

#### **Bureaus**

The Department's Inventory of Financial Management Systems reflects Treasury's current baseline of financial management and mixed systems. As of October 1997, the Department's 1997 Inventory of Financial Management Systems lists a total of 184 financial and mixed systems. All twelve of the Department's bureaus currently use commercial off-the-shelf (COTS) software packages as their core financial management systems. Seven bureaus use Federal Financial System (FFS) software, three bureaus use Computer Associates accounting software, one bureau uses Federal Success software, and one bureau uses software from Computer Data Systems, Inc. In most cases, bureaus have modified their COTS core accounting software applications to meet their own specific needs.

A number of Treasury's bureaus provide cross-servicing to other bureaus. This enables smaller bureaus to have access to core financial systems without having to maintain the necessary technical and systems architectures. For example, the Financial Management Service's (FMS) Center for Applied Financial Management currently provides the FFS software to three Treasury bureaus through cross-servicing arrangements: the Departmental Offices, the Federal Law Enforcement Training Center, and FMS itself. In addition, various Departmental offices and organizations which are managed independently—such as the Financial Crimes Enforcement Network—are cross-serviced by bureaus for core financial management system usage, as well as for accounting and other financial management services.

#### **The Department**

On a Departmental basis, Treasury's Office of the Deputy Chief Financial Officer (DCFO) maintains financial management systems that consolidate data from all bureaus. These systems provide the capability to review data at both the Departmental and Bureau levels. These systems are TIER, the Inventory, Tracking and Closure System (ITCS), and the Performance Reporting System (PRS).

#### ***Treasury Information Executive Repository***

The Department maintains TIER to meet Departmental consolidation, analysis, and reporting needs. TIER is a Departmental data warehouse which currently receives selected monthly financial data from bureaus and other reporting entities. On a monthly basis, Treasury bureaus and reporting entities extract financial data from their respective core financial management systems and transmit that data to TIER. TIER performs automated data validation and edit checks on the bureau data, ensuring that TIER data meet Departmental and Governmentwide data standards. Both Departmental and bureau users are able to generate external and internal financial management reports using TIER.

TIER is based on an ORACLE 7.0 database, which resides on a VAX cluster that uses the VMS operating system. To input data to the TIER data repository, bureaus use Persoft's SmartTerm telecommunication software and the Kermit file transfer protocol. Users can access TIER for reporting and analysis by using SmartTerm either through the local or Treasury network, or by dialing in using a modem. TIER users can generate various standard system reports, as well as *ad hoc* queries, which can be generated using a graphical user interface analytical tool, Business Objects. In addition, a more robust decision support tool with financial intelligence is currently being developed to produce the Department's consolidated financial statements.

TIER is one of the primary elements of Treasury's Departmentwide financial systems integration and standardization strategy. TIER was developed in 1994 and consolidates data from all Treasury bureaus. TIER was a significant factor in the Office of Inspector General's (OIG) 1995 decision to recommend that the Department be removed from the Office of Management and Budget's (OMB) High Risk List for “lack of effective management oversight of systems development activities.” With planned enhancements, TIER will contain the structured data necessary to

prepare annual audited consolidated financial statements required by the Government Management Reform Act (GMRA) of 1994 (Public Law 103-356). During fiscal year (FY) 1997, TIER was used by the Office of Thrift Supervision (OTS) and the Treasury Franchise Fund to generate auditable financial statements. Both the OTS and Franchise Fund financial statements received unqualified opinions by the auditors.

### ***The Inventory, Tracking and Closure System***

Another Departmentwide financial management system maintained and managed by the DCFO organization is the ITCS. The ITCS is an essential tool in the Department's compliance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Public Law 97-255) and the Inspector General Act Amendments of 1988 (Public Law 100-504). The ITCS provides support in the Department's efforts to enforce and improve management controls and address audit findings, many of which have potential monetary benefits associated with them.

The ITCS is a Departmentwide, interactive, real-time system which includes key information on audit reports issued by Treasury's OIG, the Internal Revenue Service (IRS) Chief Inspector, and the General Accounting Office (GAO). The ITCS contains a number of automated reports for monitoring and highlighting matters that need to be addressed by Departmental or bureau management. ITCS users can track information on audit reports from the date of issuance through the completion of all action items.

Data on OIG audit reports are uploaded on a periodic basis to the ITCS through an automated interface. Data on IRS Chief Inspector and GAO reports, as well as management control plans, are entered manually. Bureau users can record planned corrective actions in the ITCS for addressing audit findings and recommendations. Bureau users can also update the current status of those corrective actions on a continuing basis.

### ***Performance Reporting System***

Treasury is implementing a Strategic Management Process to guide the Department's operations and improve performance. Managing and evaluating programs through the measurement of results is a key part of this process. The PRS is a tool designed to help achieve this by giving policy officials, program managers, and staff access to performance information.

The PRS is a web-enabled database of Treasury's Government Performance and Results Act (GPRA) of 1993 performance data. Once fully operational, the PRS will be updated and accessed through the internal Treasury Intranet, which is available to all Treasury employees through their browsers, but is protected by a "firewall" from access by the public. Bureaus will regularly update their performance data, and users will examine data through *ad hoc* queries and a series of automated reports. As appropriate, customized reports will be created for specific users or for dissemination on Treasury's public Worldwide Web site.

The PRS is currently being tested on the Departmental Offices Intranet. Its data entry screens and basic reporting features are operational. Current development efforts are focused on enhancing reporting capabilities and on enabling the system to pass through bureau firewalls without raising security concerns.

### **Federal Financial Management Improvement Act Remediation Plans**

In the Department's FY 1997 Accountability Report, the auditors identified 14 instances in which systems were not in substantial compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996. These instances of non-compliance were found in four Treasury bureaus: IRS, Mint, USCS, and FMS. In accordance with Section 803 (c)(3)(A) of the law, these bureaus prepared Remediation Plans to bring their systems into substantial compliance.

## **II. TARGET STRUCTURE**

### **Future Departmental Financial Management Systems Structure**

Treasury's future financial management systems structure will build upon the foundation already established. TIER will serve as the central data warehouse for consolidating the bureaus' financial data. Through the use of quality data and contemporary reporting tools, bureau and Departmental management will receive timely, accurate, and relevant information which is necessary to manage the Department's business.

The primary element of the Department's target structure is the Financial Analysis and Reporting System (FARS). FARS will collect a variety of financial management data, initially the proprietary and budgetary accounting data. FARS will include the following components:

- (1) a financial data warehouse which will consolidate bureau data;
- (2) a dedicated financial data server which will hold consolidated data subsets from the financial data warehouse; and
- (3) a COTS, on-line analytical processing (OLAP) decision support tool, which will be used for analysis and reporting.

In the target structure (see Figure 1), bureaus will continue to maintain their own core financial management systems. Bureaus and other reporting entities will submit monthly data to the Department's central financial data warehouse for consolidation, data validation, and other edit checks. From this central data warehouse, the data will be available for analysis and reporting by the FARS decision support tools.

In the long term, FARS will consist of a group of integrated decision support tools, which will support management's needs for information. The FARS tools will perform analyses and generate reports based on the consolidated Departmental data in the financial data warehouse. The FARS tools will also provide drill-down capabilities for analysis of financial data. The first of these tools to be implemented will be CFO Vision™, developed by the SAS Institute.

CFO Vision™ will be used for analyzing and reporting on Treasury's proprietary and budgetary financial data. Bureaus will transmit monthly financial data to the central data warehouse, where the data will be consolidated and validated. The financial data will be processed by CFO Vision™ to perform analyses, run *ad hoc* management reports, generate the Department's consolidated financial statements, and transmit Treasury bureau adjusted trial balance data to the FACTS.

Bureaus and other reporting entities will input data to FARS via a Treasurywide intranet or the Internet. FARS will be based on ORACLE databases; those databases will migrate from the Department's VAX cluster to Windows NT servers. The FARS data warehouse will use graphical user interfaces as well as state-of-the-art decision support tools to administer the system and develop forms and reports.

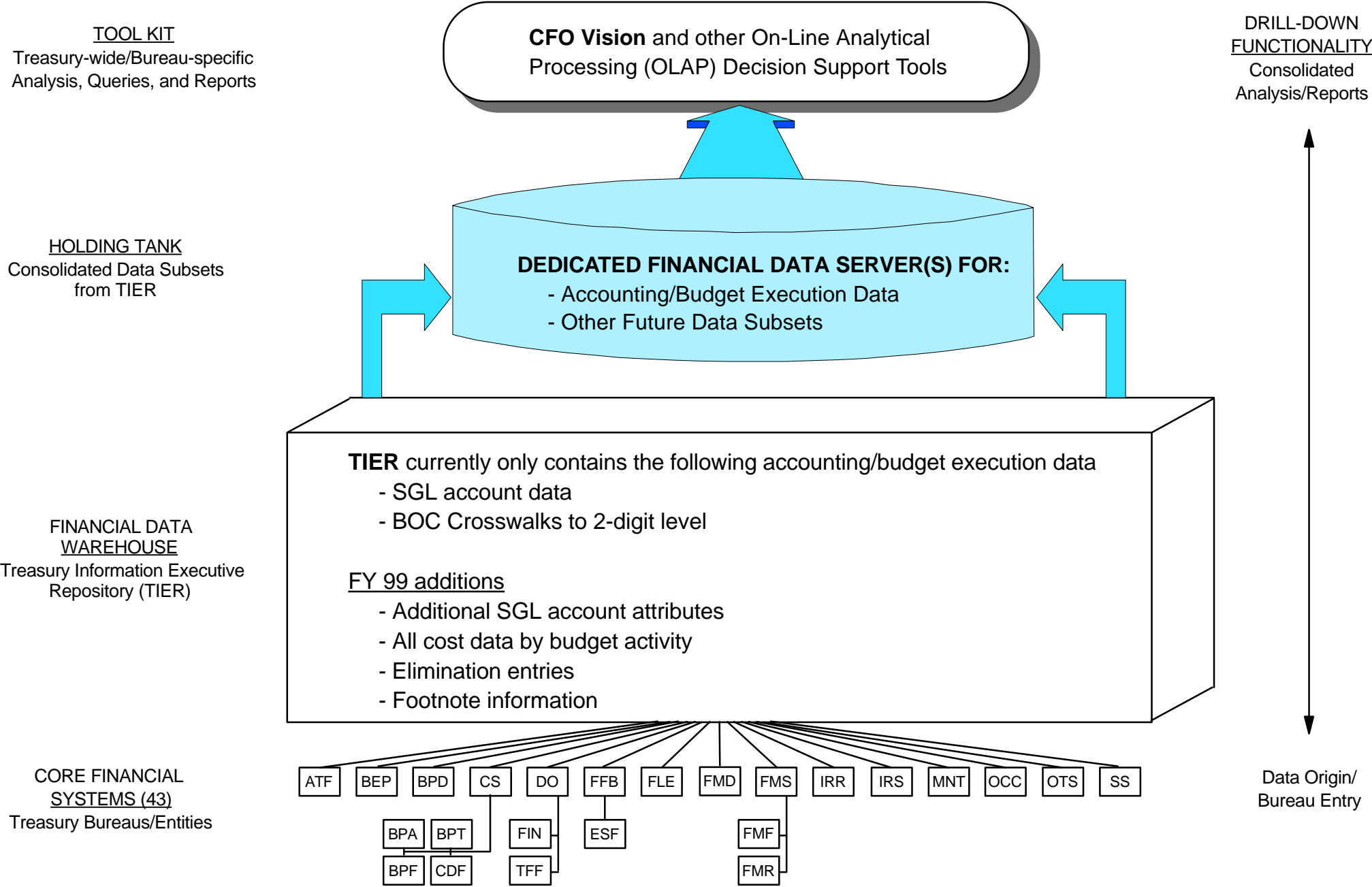
FARS is intended to be the Department's sole source of consolidated analysis and reporting. For example, FARS will be able to generate the Department's consolidated financial statements; analyze audit resolution data; report on performance according to bureau and/or Departmental missions and goals; and generate cost management analyses which can help bureau and Departmental managers identify the various costs associated with providing Treasury's many services to the public.

As FARS is expanded to collect additional financial data, it may be necessary to implement additional OLAP decision support tools. While CFO Vision™ is used to produce the Department's consolidated financial statements and analyze budget and accounting data, additional COTS packages may be used for managerial cost accounting, assessing performance measurement, and meeting other management information requirements.

The Department's target financial management systems structure does not call for a single Treasurywide financial management system. Rather, the structure strikes a balance between the need to accommodate the unique data requirements of the bureaus and the Department's need for standardized, consolidated Treasurywide data. Although Treasury does not currently have plans to develop any Departmentwide financial management systems, the Department will evaluate opportunities for consolidating systems across bureaus, as appropriate. Treasury's bureaus will continue to enhance their financial and mixed systems to meet their specific missions. They will provide standardized financial data to the Department for consolidation and reporting.

Figure 1

# U.S. DEPARTMENT OF THE TREASURY FINANCIAL ANALYSIS AND REPORTING SYSTEM (FARS)



### **III. PROJECTS REQUIRED TO MOVE FROM BASELINE TO TARGET**

The following is a list of systems-related projects which will be essential in implementing the Department's target financial management systems structure.

#### **CFO Vision™ Implementation Project**

The first step in the Department's migration to its target structure will be to implement the CFO Vision™ FARS tool. CFO Vision™ will utilize the monthly bureau data submitted to TIER to generate the following consolidated financial statements, in accordance with OMB Bulletin 97-01:

- Consolidated Balance Sheet
- Consolidated Statement of Net Cost
- Consolidated Statement of Changes in Net Position
- Consolidated Statement of Budgetary Resources
- Consolidated Statement of Financing
- Consolidated Statement of Custodial Activity

In addition, CFO Vision™ will provide Departmental and bureau financial managers with the capability to produce *ad hoc* reports for internal management reporting.

#### **Inventory, Tracking and Closure System**

The ITCS will continue to play a key role in the Department's efforts to ensure that all findings, recommendations, deficiencies, and weaknesses are recorded in a central repository and monitored by the responsible organizations. The Department plans to upgrade the ITCS to use more contemporary tools in order to better meet the needs of bureau and Departmental management in a more user-friendly environment. The Department will begin an evaluation of the ITCS and will develop detailed plans for this upgrade.

#### **Performance Reporting System**

Once the remaining firewall issues are settled, the PRS will become operational. It is expected that this will occur sometime in FY 1999. Initially, bureaus will be asked to input the same performance data reported in the annual budget submission and mid-year performance report. In the future, the Department expects to move to more frequent reporting of certain performance information.

#### **Data Standardization**

The FDSS prepared a package for the Treasury CFO Council, which (1) proposed standardizing three-digit budget object classes; (2) proposed standardizing SGL accounts based on the mappings from bureau SGL accounts to Departmental SGL accounts; and (3) presented a report on issues and recommendations based on bureau interviews, including recommendations on data stewardship. The Treasury CFO Council approved the recommendations at its September 1998 meeting. During FY 1999, the Department will begin implementation of the approved recommendations.

## IMPEDIMENTS TO THE SUBMISSION OF THE REQUIRED ANNUAL AUDITED FINANCIAL STATEMENTS

**Continue to achieve an unqualified opinion on Internal Revenue Service's (IRS) financial statements in a timely manner** - For the first time since the passage of the Chief Financial Officers (CFO) Act in 1990, the IRS received an unqualified opinion on its fiscal year (FY) 1997 financial statements. Continuation of this success for FY 1998 and subsequent years is critical to the Department, and the federal government, receiving unqualified opinions. Additional revenue disclosure requirements of Statements of Federal Financial Accounting Standards (SFFAS) 7 are effective for FY 1998, and IRS cannot meet all of these requirements as presently written. The Department has requested that the SFFAS 7 standards be amended and/or deferred. If our request is granted, this should allow IRS to meet the revised standards and continue to receive an unqualified opinion.

In addition, the increased disclosure requirements for the allocation of revenues to the various trust funds will require increasing reliance on the Department's revenue allocation methodology. An attempt by General Accounting Office (GAO) to review this methodology for FY 1997 was unsuccessful due to the timing of the review and the lack of documentation. The Department has taken steps to improve the documentation for the allocation process, and is working with the Office of Inspector General (OIG) to ensure that the OIG's auditing procedures are completed in a timely manner.

**Weaknesses in financial management systems** - Several of the Department's bureaus have financial systems that do not comply with federal systems standards and are reported as material nonconformances under the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA). These systems do not produce timely, accurate financial data, which hampers the timely preparation and auditability of financial statements. As the systems problems are corrected, timeliness, accuracy, and auditability should all be improved.

**Cost Accounting/Statement of Net Cost** - The cost accounting standards of SFFAS 4 became effective for FY 1998. Among other things, this standard requires the preparation of the statement of net cost for FY 1998 and subsequent years. The Department is developing a statement of net cost based on its strategic plan, and then needs to determine if bureaus can allocate their costs to the broad strategic plan goals. Weaknesses in financial management systems, as described directly above, may impede our ability to allocate costs.

**Statement of Financing & Statement of Budgetary Resources** - The Statement of Financing and the Statement of Budgetary Resources are new requirements for FY 1998. The Statement of Budgetary Resources and related disclosures provide information about how budgetary resources were available as well as their status at the end of the period. The Statement of Financing is intended to facilitate a reconciliation between financial (proprietary) information displayed in the Statement of Net Cost and obligation based (budgetary) information displayed in the Statement of Budgetary Resources.

Preparation of these statements may be problematic at the bureau level because of (1) the lack of past experience in preparing the statements, (2) the inability of accounting systems to provide all of the required information, and (3) a caveat on the Financial Management Service (FMS) Standard General Ledger (SGL) crosswalk that in testing many instances were identified where the Statement of Financing could not be completed directly from current SGL account balances without analysis of individual transactions. At the Departmental reporting level, never before performed budgetary elimination entries will be needed to produce the required consolidated statements.

**Year end closing/audit schedules** - Historically, government agencies have not been required to close their books and finalize their financial statement numbers on an accelerated basis. And, of course, their financial statements were not required to be audited. With the passage of the CFO Act and then Government Management Reform Act (GMRA) of 1994, the timing of the financial statement preparation and audit processes has become more critical. The Department has been working to accelerate the completion of year end closing and financial statement preparation through the development of ever more stringent time frames. Our FY 1997 statements were completed earlier than our FY 1996 statements, and we anticipate continued improvement for FY 1998.

We have also continued to work with our OIG to have as much of the required audit work as possible performed prior to year end. However, in some respects the OIG is limited by the lack of reliable financial management systems, as described above.

**Lack of automated data collection capabilities** - Each of the Department's bureaus operates its own independent financial management system, and transmits year end financial data to the Department via pre-formatted disks. The preparation of the Department's financial statements could be accelerated if bureau data could be transmitted electronically to the Department. The Department has made considerable progress in developing the Treasury Information Executive Repository (TIER) central data warehouse to capture bureau data. During 1998, the Department has taken major steps to enhance TIER. Specifically, Treasury is in the process of implementing a front-end analytical tool to TIER, SAS CFO Vision™. SAS CFO Vision™ is a software package which is flexible and is user friendly. It will enable the Department to put TIER data to practical use, for both financial statement preparation and decision making purposes.

### SIGNIFICANT ACCOMPLISHMENTS

Several accomplishments took place in fiscal year (FY) 1997 - FY 1998. Some of the more significant ones include:

- ▶ Continued participating in deliberations of the Federal Accounting Standards Advisory Board (FASAB), with particular emphasis on modifying the nonexchange revenue provisions of Statements of Federal Financial Accounting Standards 7 that would have been problematic for the Internal Revenue Service (IRS) to comply with.
- ▶ Created a work group with representatives from the Office of Management and Budget (OMB), General Accounting Office (GAO), FASAB, our Office of Inspector General (OIG), and selected Treasury bureaus to finalize Treasury's Government Management Reform Act (GMRA) of 1994 Reporting Model for use in preparing the FY 1998 Departmentwide financial statements.
- ▶ Continued working with IRS and GAO/Treasury OIG auditors to find ways to improve the timeliness and results of the IRS audit, which helped result in the first unqualified opinion on IRS' FY 1997 custodial financial statements being issued in February '98.
- ▶ Produced Treasury's second audited FY 1997 Accountability Report, containing Departmentwide consolidated financial statements/program performance information and submitted it to OMB in March 1998 with general distribution to Treasury, the Congress, the Chief Financial Officers (CFO) Council and others. The FY 1997 effort resulted in first-time, unqualified opinions for both IRS and Bureau of Public Debt, and an unqualified opinion on the Department's revenue collection and debt management functions. The Department's consolidated administrative statements received a qualified opinion.
- ▶ Worked with the Chief Information Officer and the bureaus to develop a Y2K cost model. This cost model enables the bureaus to plan and manage the cost associated with Y2K renovation.
- ▶ Procured CFO Vision™ application to produce the Department's consolidated financial statements beginning in FY 1999. Implemented a pilot and developed a project plan for full implementation.
- ▶ Worked with the Treasury CFO Council's Financial Systems Policy Committee to develop recommendations for standardizing Departmental financial data. The recommendations were approved by the Treasury CFO Council and will be implemented over the next fiscal year.
- ▶ Analyzed, coordinated and negotiated amount needed in FY 1998 for Departmentwide Y2K funding of approximately \$180 million. Several authorities were used including rescissions, reprogrammings, unobligated balances and transfers, to fund Treasury Y2K requirements.
- ▶ An independent audit firm performed a FY 1997 financial audit of the Treasury Franchise Fund. The Fund has received an unqualified "Clean" opinion on all financial statements (i.e., Balance sheet, Income statement, and Cash

Flow). Additionally, the auditors reported that no material weaknesses exist in internal controls and/or with compliance to laws and regulations.

- ▶ The “Budget and Strategic Planning Manual” was added to the Treasury Intranet providing the bureaus with an easily accessible reference on the Department’s strategic planning as well as budgetary policies and procedures.
- ▶ Made significant progress toward achieving the goals of the Debt Collection Improvement Act (DCIA) by meeting with all Governmentwide credit agencies, defining and quantifying delinquent debt parameters, standardizing reporting practices, and expediting the referral and/or proper categorization of delinquent debt. These and other efforts dramatically changed the perception and reality of global debt collection practices. Specifically, the reported \$51.3 billion in Governmentwide delinquencies was determined to be closer to \$44 billion. Moreover, after properly excluding delinquencies for such reasons as bankruptcy, foreclosure and foreign debt, among others, it was determined that slightly more than \$8 billion was the actual amount eligible for referral to Treasury for cross-servicing. Treasury is actively working with the other agencies to have these debts referred at the earliest possible date.
- ▶ On the Electronic Funds Transfer (EFT) ‘99 component of DCIA, Treasury has been equally active in working on a Governmentwide basis to coordinate and facilitate the attainment of a maximum percentage of electronic payments being made by January 1999. The Financial Management Service has provided guidance, direct support services, and innovative solutions to the traditional problems in achieving an electronic payment environment.



- **INFORMATION TECHNOLOGY INVESTMENTS APPROPRIATION**

The President's Budget includes a proposal that would make available to the Internal revenue Service \$325,000,000 for the capital asset acquisition of information technology systems. Further, this proposal includes management and related contractual costs, and other contractual costs associated with operations as authorized by 5 U.S.C. 3109. These funds would not be obligated until a spending plan is reviewed by the Office of Management and Budget and by the IRS Oversight Board.

- **MONEY LAUNDERING GRANTS FOR STATE AND LOCAL LAW ENFORCEMENT**

The President's Budget includes a proposal that would allow Treasury, in consultation with the Justice Department, to develop a grant program which would fund anti-financial crime activity by state and local agencies. This program would assist state and local agencies increase their role in money laundering enforcement.

- **LAND MOBILE RADIO CONVERSION AND NTIA COMPLIANCE**

Included in the President's Budget is a legislative proposal that would allow Treasury to utilize a reimbursement of \$15,000,000 from the proposed Federal Communication Commission Analog Spectrum Processing Fee. The reimbursement from this fee would contribute to Treasury's compliance with new law enforcement bandwidth requirements mandated by the National Telecommunications and Information Administration.

- **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND**

Of the funding requested in FY 2000, \$15 million is proposed for the Program for Investment in Microentrepreneurs (PRIME). PRIME is a new microenterprise initiative and would be implemented by the CDFI Fund. The purpose of the program is to provide training and technical assistance grants to microenterprise intermediaries that assist low-income and disadvantaged entrepreneurs. The grants would also aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs.

- **AUTOMATION MODERNIZATION**

The administration proposes to establish a fee for the use of Customs automated systems. The fee will be charged to users of any Customs automated system based on the user's units of data input. Proceeds of the fee will offset the costs of modernizing Customs automated commercial operations and an international trade data system, and will be available for obligation after FY 2000. Subsequent to the budget, authorization legislation will be transmitted to allow the Secretary to establish a fee for the use of Customs automated systems.

- **U.S. CUSTOMS CARGO PROCESSING FEE**

The Administration proposes to increase an existing fee paid by travelers arriving by commercial aircraft and commercial vessel from a place outside the United States, and to remove certain exemptions from this fee. Proceeds of the fee increase would partially offset Customs costs associated with air and sea passenger processing. Subsequent to the budget, authorization legislation will be transmitted to allow the Secretary to increase the fee paid by air and sea passengers and to remove existing exemptions from this fee.

- **BUREAU OF THE PUBLIC DEBT**

The President's Budget includes a proposal to change the funding mechanism for Public Debt's systems modernization from a multi-year to a no-year account. This will establish one central account for systems modernization funding as opposed to having multiple accounts for the same purpose. A no-year account will allow residual funding to reside in one account thereby allowing funds to be used more efficiently and effectively. In addition, the words "information" and "initiatives" are proposed to be deleted so as to eliminate any confusion that systems modernization funding is related to Y2K or to a budget year program increase.